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ABSTRACT

This curriculum guide is designed to prepare secondary school students for entry-level and career-level positions in the largest area of employment in distribution and marketing--retail merchandising. Developed for use in the twelfth grade competency cluster phase of New York State secondary marketing and distributive education program, this module builds on knowledge and skills presented in the "Distribution and Marketing Syllabus" (ED 110 597). Nine units are included: (1) Overview, (2) Merchandising, (3) Handling Goods, (4) Services Offered, (5) Store Operations, (6) Marketing Research, (7) Marketing Management, (8) Recordkeeping, and (9) Business and Government Regulations. Each unit contains a number of major content topics, under which performance objectives, content outlines, and suggested activities are correlated. Materials needed for some activities are provided in the appendixes. A list of references examined and/or used by the authors is also appended. Alternative resources are shown under suggested activities within the units. (YLB)

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RETAIL MERCHANDISING

An Advanced-Level Option for
Marketing and Distribution

The University of The State of New York
The State Education Department
Bureau of Business, Marketing and Distributive Education
Albany, New York 12230

1980

CE 028 070

U.S. DEPARTMENT OF HEALTH, EDUCATION & WELFARE
NATIONAL INSTITUTE OF EDUCATION

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FOREWORD

Leaders in the merchandising industry and in the education profession were invited from diverse regions of the State to meet in Albany as a State Curriculum Advisory Committee on Distribution and Marketing. Some employers and bureaus have changed since that committee met.

From the General and Fashion Merchandising Industries:
- Steven Kashman, Divisional Group Manager, Abraham & Strauss, Brooklyn
- Marcia Lapham, Sibley's Department Stores, Rochester
- Howard Rome, Partner, Spector's Men's Clothing, Albany
- Donald Sabin, Personnel, Neisner Brothers, Rochester
- Loretta Stipe, Assistant Director, Product Development, McCall Pattern Company, New York City

From Secondary and Continuing Education:
- Peter Atchinson, Clinton County BOCES, Plattsburgh
- Harvey Bender, Northwest Tech, Ogdensburgh
- Pat Clis, New York City Community College, Brooklyn
- Ross Dailey, Babylon Senior High School, West Babylon
- Irene Mittlemark, Nassau Community College, Garden City
- Virginia Nowik, Monroe BOCES #1, Fairport
- Alfred Sloan, Fashion Institute of Technology, New York City

From the New York State Education Department:
- John J. Brophy, Associate, Bureau of Distributive Education
- William C. Plimley, Associate, Bureau of Distributive Education
- Marian W. Potter, Chief, Bureau of Distributive Education
- Alvin E. Rubin, Associate, Bureau of Occupational Education Curriculum Development

Two modules, Fashion Merchandising and Retail Merchandising, were recommended for development by the above committee. Therefore, *Retail Merchandising* is the last in the current series of advanced level options for Distribution and Marketing students. The series includes modules for: *Advertising Services, Credit and Collections, Fashion Merchandising, Travel and Tourism, Visual Merchandising Through Display*, and *Wholesale Distribution.*

The content of this curriculum guide for *Retail Merchandising* is designed to prepare secondary school students for entry-level and career-level positions in the largest area of employment in Distribution and Marketing. The content builds upon knowledge and skills presented in the *Distribution and Marketing Syllabus.* Provision is made in each unit for evaluating student progress toward specified objectives.

Many of the student objectives contained in this publication are readily adaptable for use as major objectives for the Instructional Support System for Occupational Education (ISSOE) in the units for *Retail Merchandising.* Some of the instructional strategies in this publication may be selected to develop the level of competence required in specific tasks. The major thrust of the Office of Occupational and Continuing Education is in competency-based occupational education.

The methods and materials suggested should enrich a course and help achieve a more effective presentation. The general objectives are stated in terms of activities that a student should be able to do as a result of the instruction. Instructional techniques are suggested as student activities which will reinforce the materials presented. The use of audiovisual aids will help clarify the presentation of materials. A list of suggested aids is given in the appendices.

The instructor is urged to use the outline in relation to the student's development and background. There are numerous provisions for individual and small group instruction that can be improved upon with experience.

The Department is particularly indebted to Ross Dailey, Peter Atchinson, and Anthony DiClemente who wrote the draft of this module. Marian Potter, John Brophy, and Mark MacFarlane wrote supplementary material. Alvin Rubin managed this curriculum development project in its early stages.

The Department is interested in the effectiveness of this module and in the results of its implementation in the classroom. Comments, reactions, and suggestions for improvement will be welcomed. Questions and requests for assistance regarding content, instruction, and evaluation should be addressed to Marian W. Potter, Chief, Bureau of Business, Marketing and Distributive Education.

The Bureau of Business, Marketing and Distributive Education

Some of the photographs and drawings used in this publication were furnished through the courtesy of Anderson Little, Colonie; Barker's Department Store, Latham; The Boston Store, Latham; CVS, Albany; and Mohawk Mall, Schenectady.

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INTRODUCTION TO RETAIL MERCHANDISING

Retailing, the buying and selling of goods and services, has taken many forms since early times. Retail stores are the major business enterprise in our country and although large firms are the most visible, the small, independent entrepreneur is the backbone of our distribution system. This module is based on the U. S. Department of Education classification 08.0604, Retailing, described as follows:

> Retailing. Instructional programs that prepare individuals to apply marketing skills in retail establishments or to advance to more specialized training in marketing.

The general goals of this specialized marketing area are:

- To prepare secondary students and adults with skills for general retailing jobs.
- To prepare students for postsecondary education in preparation for mid-management jobs.
- To enable students to develop long-range career plans.
- To develop positive work attitudes.
- To provide marketing teachers with a source of information for instructional programs related to retail merchandising.

CAREER OPPORTUNITIES AND EMPLOYMENT DEMANDS

Retail stores play an important role in the lives of Americans. Shopping centers continue to proliferate and downtown shopping locations are making a comeback.

The New York State Department of Labor predicted employment growth in the retail trade, and primarily in department stores, during the ten year period ending in 1985. Statistics prepared by the U. S. Department of Labor also indicate that an increase is expected.

Students must be prepared for employment in stores which differ widely in type and range of merchandise, pricing policies and customer services. They must be able to cope with varied customer tastes and desires.

Preparation for entry-level jobs in retailing can give high school graduates preferred status when job-seeking. Upward career mobility may be given momentum by offering adult training plans for current store employees.

ADMINISTRATIVE CONSIDERATIONS

The ***Retail Merchandising Module*** has been developed for utilization in the 12th grade competency cluster phase of the secondary Marketing and Distributive Education program. Occupational competency in one or more of the clusters identified in the ***Distribution and Marketing Syllabus*** is the goal of the 12th year modules. The comprehensive high school might complete this 12th grade option for Distributive Education in 20 weeks with outside assignments, but an occupational center should plan at least 150 clock hours in the classroom-laboratory.

Scheduling may be for a single period for up to one-half unit of credit in a vocational or 3-unit sequence. Distribution and Marketing and Retail Merchandising are viewed as segments of a 3-part program which includes:

1. Subject materials with related basic skills and competencies.
2. Cooperative work experience.
3. DECA chapter activities.

This outline is designed to be adapted to all areas of New York State and may be modified or expanded to meet local and individual student needs. Sections may be taught in any sequence the instructor feels may best benefit the students.

MODULE FORMAT

A format of facing pages is used for this module. Horizontal correlation of performance objectives, content topics, and suggested activities should improve the reader's ability to see the relationship of these columns to each other.

The bibliography consists of a list of references that has been examined and/or utilized by the authors of this curriculum publication. Alternative resources have been shown in the suggested activities column.

TEACHING SUGGESTIONS

The following points are offered as a means of improving instruction.

- Review each unit well in advance of the class and obtain the instructional materials needed for an effective presentation.
- Use a variety of learning experiences in order to challenge the different levels of student abilities.
- Take all opportunities to provide for individual or small group instruction.
- Keep the instruction flexible enough to permit each student to gain the skills and knowledges required to achieve his or her specific goals.
- Use instructional aids to clarify presentations.

- Utilize trade magazines for current information and developments that are occurring in the field.

INSTRUCTIONAL SYSTEMS

The Interstate Distributive Education Curriculum Consortium

The Interstate Distributive Education Curriculum Consortium (IDECC) was established to develop a competency-based learning system for the improvement of instruction in marketing and distributive education. The original system based on the Crawford study has now been expanded through controlled research to include over 100 occupations or occupational clusters. Competencies reflecting individual student needs are used for the development of individual learning activity packages (LAPs).

IDECC materials can be used to individualize instruction for students with different career goals and for large group instruction where common competencies exist. The system allows individuals to proceed according to their own individual abilities.

IDECC uses pre- and post-tests, LAPs consisting of performance objectives, learning activities, and resources. The teacher becomes a learning manager assisting students in selecting careers to study and identifying competencies to be learned.

New York's membership in the Interstate Distributive Education Curriculum Consortium enables schools to purchase instructional materials at a substantial discount. As a member state, our responsibility to produce and/or validate those materials for the system provides teachers with a unique opportunity to develop individualized learning materials for a nationally recognized instructional system.

Instructional Support System for Occupational Education

The Instructional Support System for Occupational Education (ISSOE) has developed a catalog containing four units for the following entry-level job titles in Retailing:

Unit 01 Sales Clerk D.O.T. 290.477-014 (Salesperson)
Unit 02 Stock Clerk D.O.T. 222.387-058
Unit 03 Credit Clerk D.O.T. 205.367-022
Unit 04 Displayer, Merchandise D.O.T. 298.081-010 (Decorator, Store, Display Trimmer).

The following index provides a cross-reference between the ISSOE catalog and the Retail Merchandising Module. This cross-index will provide the teacher additional instructional aids.

As task-based catalogs are developed for other jobs in Retail Merchandising, cross-reference indexes between those catalogs and this syllabus will be developed.

CROSS-REFERENCE INDEX

ISSOE Task & Code Number		Retail Merchandising Module Section
ISSOE Unit 01 - Sales Clerk D.O.T. 290.477-014 (Salesperson)		
010103	Verify customer's personal check	IV
010104	Complete a sale with a store charge card	IV
010105	Complete a sale with an outside credit card	IV
010107	Exchange merchandise	IV
010108	Issue a cash or credit refund/due bill	IV
010109	Complete a lay-a-way sale	IV
010111	Adjust customer complaints	IV
010112	Record customer's request for merchandise	VI
010203	Report hazardous conditions	V
010204	Assist in maintaining store security	V
010205	Answer customer inquiries (directions and product)	II, IV
010301	Compute the retail price	II
010302	Compute markdown selling price	III
010401	Demonstrate a sales approach	II
010402	Present the product or service	II
010403	Overcome customer objections	II
010404	Demonstrate suggestion selling techniques	II
010405	Close the sale	II
010406	Complete a sales presentation	II
ISSOE Unit 02 - Stock Clerk D.O.T. 222.387-058		
020101	Check quantity and condition of cartons and contents	III
020102	Complete tracer and claim forms for missing, incorrect and damaged goods	III
020201	Complete stock record card and stock merchandise received	III
020202	Prepare price tags	III
020203	Take a physical count	III
020205	Verify perpetual inventory	III
ISSOE Unit 03 - Credit Clerk D.O.T. 205.367-022		
030101	Explain credit account	IV
030102	Assist customer with completing credit application	IV
030302	Receive payment on credit account	IV
ISSOE Unit 04 - Displayer, Merchandise (Decorator, Store, Display Trimmer) D.O.T. 198.081-010		
040201	Make a showcase display	II
040202	Make a counter top display	II
040203	Make an end aisle display	II
040204	Create a floor display	II
040205	Make ledge and wall display	II

RETAIL MERCHANDISING

I. OVERVIEW

Student Objectives	Content
The student will be able to:	
	A. Retailing
. Identify 4 working activities or functions within the occupational cluster of retailing.	1. Functions of Retailing a. Buying merchandise b. Inventory and merchandise preparation c. Sales promotion d. Personal selling e. Customer service and store operations
. Describe 3 trends in the field of retailing.	2. Trends in retailing a. Employment outlook b. Customer needs and wants c. Variety of merchandise offerings d. Advertising and promotional effects e. Shopping centers and malls f. Future developments and projects
. Describe 2 obligations that the employer and employee may expect from each other.	3. Employee responsibilities a. Loyalty b. Cooperation c. Promptness d. Honesty e. Efficiency
	4. Employer responsibilities a. Good working conditions b. Adequate salary c. Adequate fringe benefits d. Good employee relations
	5. Training on-the-job and formal part-time study

Suggested Activities

A. Arrange with the school librarian for your class to conduct library research of occupations with particular emphasis upon the examination of *The Dictionary of Occupational Titles* or *The Occupational Outlook Handbook*. The students could search for title numbers, and descriptions related to general merchandise retailing and to other occupational areas they might be interested in pursuing.

Invite a former Marketing and Distributive Education student who has graduated or an employee currently working locally in the area of retail merchandising who could direct discussion or answer questions relating to merchandising activities, work and success, tasks performed, and current trends.

Prepare a bulletin board, through team or individual assignments using advertisements from selected newspaper classified sections. An efficient technique would be for the instructor to save the classified sections 2 to 3 weeks in advance and bring the copies to each student in class to complete the exercise.

Have students review a variety of business and trade publications to learn some of the current trends in retailing.

Trade publications contain news of personnel changes that would give examples of various retailing positions and job titles.

Students may prepare a career information manual for a particular retailing position. See Appendix A.

I. OVERVIEW

Student Objectives	Content
	B. Career Opportunities
. List 3 jobs in each employment level in retailing.	1. Employment levels a. Entry-level b. Mid-management c. Management/owner
. Give 2 competencies required for 2 entry-level jobs in retailing.	2. Required job-entry competencies a. Social b. Basic skills c. Technical d. Marketing e. Economic
. List 4 personal items that would be included in a resume.	3. Job searching a. Personal goals . Current employment interest (Kind of job, firm, location) . Salary desired . Future job goals
. Name 2 factors which enter into a choice of work.	b. Factors influencing choice of work and success . Personal background and training . Personal competencies . Short-and long-term goals
. Name 3 places to seek employment.	c. Referral resources . Employment offices - State employment office - Commercial placement agencies . Newspapers . Trade and professional magazines
. Fill out an employment application correctly, using complete names, addresses, and phone numbers.	d. Preparation . Working papers . Social security number . Resume . Job applications
. Explain 3 fringe benefits.	e. Interview topics . Hours, salary, fringe benefits . Opportunities for promotion . Your personal goals . Your contribution to potential employer

Suggested Activities

B. Have the students develop lists of entry-level and career-level jobs in the retailing field. (Appendix B)

Invite a local department store owner, manager, or personnel director to visit your class to discuss career ladders in retailing.

The class or selected students may have the interest and time to conduct a survey of local retail employees to determine:

1. The duties of the various job titles
2. The responsibilities of the various job titles
3. The skills and/or knowledge needed for the various positions
4. The college and/or high school course that were the most helpful on the various jobs
5. The advantages to the employees in the different jobs
6. The disadvantages to the employees in the different jobs

Have each student assume he/she is the personnel manager of a local department store and develop an orientation program for new employees.

Have each student develop a list of his/her qualifications in reference to employment. Then have each student find 5 advertised jobs for which he or she feels qualified. Comparing personal qualifications with job requirements will give insight into appropriate employment for the individual.

Invite a counselor from an employment agency (state or private) to discuss the resources available at his or her agency. Many are willing to keep student applications on file.

Students would select from help-wanted advertisements, those ads that would best typify job entry, training situations, mid-management, and advancement opportunities in retailing.

With the assistance of the school guidance counselor, the local State Employment Office, and/or the personnel director of a major local employer, prepare a list of questions frequently asked during employment interviews.

Selected students may then conduct mock interviews using those questions. Class discussion should follow about the good and poor responses given.

This would be a good time to have each student prepare a letter of application for a job he or she would like and to prepare a personal resume.

SBA Free Materials

1. SMA 170 Thinking About Going Into Business
2. SBB 10 Retailing

II. MERCHANDISING

Student Objectives	Content
The student will be able to:	
	A. Buying
. List 3 sources where a retailer may obtain merchandise.	1. Merchandise sources a. Trade publications b. Manufacturers c. Wholesalers d. Buying cooperatives e. Buying offices
. Define 4 factors which affect the buyer's determination of the goods to be purchased for resale.	2. Ordering merchandise a. Selection factors . Seasonality . Customer demand . Trends . Store image . Storage facilities . Frequency of replenishing b. Product suitability . Fits store image . Customer usefulness . Profit potential . Needed sales support . Expected turnover
. Explain 3 factors affecting the merchandise ordering date.	3. Ordering schedule a. Delivery time b. Seasonal lead time c. Availability d. Opportunistic purchases
Describe 3 ways retailers determine customer demand.	4. Consumer demand a. Customer profiles . Income . Sex . Age . Life style b. Buying patterns . Frequence . Brands . Motives c. Want slips d. Past sales e. Trade publications

II. MERCHANDISING

Suggested Activities

A. Send for copies of wholesalers' and manufacturers' trade catalogs. The school business manager and local merchants may have some to spare. Ask class members to choose 4 items to be purchased for resale and report on factors which will affect the price.

Invite a buyer to come into the classroom to explain how buying offices function, how merchandise is selected, how to determine how much to buy, (what assistance is furnished by resident buyers), and the processes involved in placing orders for merchandise.

Examine the contents of periodicals, such as ***Women's Wear Daily***, ***Gentlemen's Quarterly***, and ***Chain Store Age***, to identify sources for staple goods and fashion merchandise. These could be incorporated into a scrapbook.

Borrow an assortment of staple and fashion merchandise from the school store and discuss the decisions made regarding selection of this merchandise for sale and determining the sources from which to buy. If the school store advisor is not the Retailing teacher, invite him/her to take part in the discussion.

Students may prepare written or oral reports on 5 products they would select to be carried by a retailer of their choice. Each item selected should be supported by the factors of product suitability.

Another interesting application could be a survey of local stores to find merchandise displayed which best seems to fit the factors of product suitability for the particular stores.

Make arrangements for a visiting salesperson of school supplies, equipment, textbooks, or school store merchandise to address the class about selling methods, introducing new products, product mix, and other selected topics.

Using the instructions and rating sheet for a sales representative which are provided in the Appendix, simulate buying sessions between students or with a local retailer. Several such sessions could be held with one student taking the part of the buyer and the other acting as the manufacturer's agent or salesperson.

Take the class to any trade shows which may be held locally or nearby, such as flower shows, boat shows, winter sports festivals, and other expositions. Each student could be prepared to conduct a brief interview with an exhibitor to determine sales trends, current merchandising methods, consumer problems, and similar topics.

II. MERCHANDISING

Student Objectives	Content
. Determine the best buy from 2 offers of the same list price, but with different transportation terms, trade discounts, and credit terms.	5. Purchasing negotiations a. Transportation terms . F.O.B. Factory . F.O.B. Destination . F.O.B. Shipping Point b. Discounts . Cash . Seasonal . Trade . Quantity c. Billing agreements . Cash on delivery . On consignment . End of month . Net 30 days . 3/10, 2/30, n/60
. Solve merchandise math problems containing two types of discounts.	
. Find the net price of merchandise billed at 3/10, 2/30, n/60, if paid in 30 days.	
. Give an advantage and a disadvantage of buying in quantity.	d. Quantity buying . Advantages . Disadvantages
. Compute open-to-buy in order to achieve a proper merchandise mix for a retail store.	6. Computing open-to-buy a. Information the buyer has . Stock on hand . Merchandise ordered but not yet received b. Information the buyer needs . Ending inventory anticipated . Sales expected . Shortages expected . Markdowns anticipated c. Open to buy = what the buyer needs minus what the buyer has
. Solve problems using 3 methods of figuring markup price or percentage.	7. Figuring markups a. Cost + Markup = Retail Price b. Markup = Retail Price - Cost c. Cost = Retail Price - Markup d. Markup ÷ Retail Price = Percentage of Markup Based on Retail e. Markup ÷ Cost = Percentage of Markup Based on Cost f. Original Cost = Retail Price x (100% - Markup %) g. Retail Price = Cost Price ÷ (100% - Markup %)

Suggested Activities

Develop ten fundamental mathematics problems for each applicable buying function, such as quantity, trade, and cash discounts, transportation costs.
Example: Trade discounts
Problem: A manufacturer lists lamps at the gross price of $20 each, less a trade discount of 30%. What is the net price per lamp?
Solution: $20 x .3 = $6, $20 - 6 = $14 net price or $20 x .7 = $14 net price.

Make up a series of invoices and duplicate enough copies for each student. Have the students determine the last date on which to take advantage of the discount shown and the dollar amount of discount on each invoice.

Present a case problem in which a buyer has to decide if he/she should purchase a certain quantity of goods offered. Adequate information should be given to enable the class to figure "open-to-buy" and to see if the net cost would allow the store's usual markup to be achieved.

Using the formulas for markup on page 12 have students compute markup for selected merchandise from a cost sheet listing items sold in the school store.

II. MERCHANDISING

Student Objectives	Content
. Calculate stock turnover by the unit method and the dollar method.	8. Calculating stock turnover a. Unit method = total units sold ÷ average number of units on hand b. Dollar method . By cost = cost of goods sold ÷ average inventory at cost . By dollar = sales ÷ average inventory at retail
. Calculate average inventory.	9. Finding the average inventory a. 12 month method: $\frac{\text{total ending inventory for 1 year}}{\text{12 months}}$ b. 13 month method: $\frac{\text{total ending inventory + ending inventory for last month of previous year}}{\text{12 months}}$
	B. Sales Promotion
. Explain 4 objectives of sales promotion.	1. Objectives of sales promotion a. Stimulate demand b. Induce people to enter a store c. To move fashion merchandise d. Teach new uses of the product e. Create a favorable impression of the firm f. Prepare the way for the salespersons
. Name 3 advertising media used by retail stores and give an advantage of using each medium. . Explain 2 differences between spot announcements and program sponsorship as means of advertising.	2. Outside sales promotion methods a. Newspapers . Classified . Display b. Radio . Spots . Program sponsorship c. Television . Spots . Program sponsorship d. Direct mail . Specialized (to named person or category) . General (to box holder)

Suggested Activities

Give the students a series of stock turnover problems, including the unit and dollar methods.

Discuss the advantages and disadvantages of a high rate of turnover.

Take the class through the exercise of computing the average inventory, first, using the 12-month base, and, second, using the 13-month base.

B. Under the major heading, "Objectives of Sales Promotion," divide a classroom bulletin board into six equal sections. Label each section with one of the objectives of advertising. Have class members fill in the space under the various sections with advertising exemplifying each objective. Point out and discuss the amount of overlapping that occurs.

Gather cost information about advertising rates from local advertising media. On the basis of the information gathered, stimulate a discussion about the relationship of cost to audience covered.

Using the school store, create an actual sales promotion. Divide the class into several groups. Have one group develop advertisements for your school newspaper, a second group prepare a script to be read over the public address system, another group design and distribute handbills, and still another group make a hall bulletin board look like a billboard. Have students produce a commercial to be shown on closed-circuit television in each classroom or in the front window of your store.

Have students bring in two promotional and two institutional advertisements. They should explain what image the company is trying to project in the institutional ads. In the promotional ads, they should identify the product being advertised, and explain how the advertisement would aid a salesperson in selling the product.

Have each student or the class research and present a report on different forms of advertising media. This report might take the form of a scrapbook containing examples of advertising terminology.

Involve selected students in producing loop films or video tapes of several commercials to be shown in class. Have a class discussion or assign a short paper covering such areas as:

- What was the target audience(s) for the commercial?
- Was the presentation effective?
- Did the ad appeal to reason or emotion? Why?

II. MERCHANDISING

Student Objectives	Content
. Contrast the differences between 3 types of exterior displays.	3. Inside sales promotion methods a. Window displays . Open background . Partial background . Full background b. Interior displays . Checkouts . End counters . Ledges . Walls . Architectural
. Give 3 places where interior displays are effective in general merchandising.	
. Identify 2 special events that were sponsored by local retailers during the school year.	4. Special events a. Fashion shows b. Parades c. Art exhibits d. Demonstrators
. Describe one advantage and one disadvantage of using a demonstrator.	
	C. Personal Selling
. Give 3 purposes of selling.	1. Purposes of selling a. Providing service b. Persuading c. Satisfying customers' needs d. Fulfilling the profit motive
. Describe 2 attributes of a professional salesperson.	2. Professional attributes of a salesperson a. Provides prompt and efficient service b. Exhibits integrity in all dealings c. Exhibits loyalty to employer
. List 5 characteristics of a successful salesperson	3. Characteristics of a successful salesperson a. Pleasing personality b. Enthusiastic and positive attitude c. Ambition to succeed d. Emotionally mature e. Courteous and tactful f. Ability to communicate g. Well groomed h. Knows the products or services i. Knows the company policies

Suggested Activities

Divide the class into small groups and have each group design a form of specialty advertising that could be used by your school store.

A display diorama (miniature display window) may be constructed by each student. Some suggested instructions might include: 8" high, 15" wide, 8" deep; merchandise illustrated by cutouts, props, etc.; rating based on a total of 100 points:

Criteria	Points
Originality and power to attract attention	15
Proper use of the display principles and proportion	15
Use of color, props, and show cards	15
Completeness of detail	15
Selling power of the display	15
Overall effectiveness and professionalism	25
TOTAL POSSIBLE POINTS	100

Using teams of 3 or more students plan and create a display of selected merchandise in the school store or laboratory, i.e., showcase display, counter top display, end aisle display, floor display, ledge or wall display.

Arrange a field trip to a special event to take a traffic survey (customer count). Compare the results to a survey done without the special event. Assuming that each customer spends twenty-five dollars, have a class discussion to determine if the students feel the event was profitable. Have the class consider such expenses as advertising, additional employee salaries and extra inventory cost.

C. Discuss the hypothetical situation of having no salespeople in a clothing store.

Have some working students determine the number of sales per day that it would take to pay their salaries. Use three percent of sales as the portion available for salaries. Example: 3% of $2,500 = $75. Students may use graphs or other visual aids to present this information to the class. This is an ideal opportunity to discuss the difference between gross profit and net profit.

Invite a local personnel manager to discuss his/her store's sales training program and describe duties and responsibilities of the store's salespersons.

Have interested students survey several retailers to determine the characteristics of their successful salespersons.

Instruct students to prepare a report on Retail Selling as a career.

II. MERCHANDISING

Student Objectives	Content
. Use the AIDA formula in a sales demonstration.	4. AIDA Formula a. Attention b. Interest c. Desire d. Action
. Describe the steps in a successful sale.	5. The stages of a retail sale a. The preapproach . Know your products and/or services . Be able to recognize different customer types . Know location of stock . Know advertisements of the day . Have several selling sentences prepared b. Approach . Serve customers promptly . Greet the customer by name, if possible . Use a merchandise greeting with strangers . Show genuine interest c. Determine customer need . For whom is the item being purchased? . For what purpose will the product be used? . What specifications are required? - Size - Style - Color - Price d. Involve the customer . Appeal to the 5 senses . Elicit questions . Relate features of the product or service to customer's needs e. Overcome objections . Product . Manufacturer . Price . Immediate purchase f. Close the sale . Assumption close . Choice close . Impending close
. Give 2 merchandise greetings to use with a given product.	
. Demonstrate 3 ways to determine customers' needs.	
. Orally or in writing overcome customer's objections to the product, the manufacturer, the price and immediate purchase.	
. Describe or demonstrate 3 effective methods of closing a sale.	

Suggested Activities

To demonstrate the importance of product knowledge in building a salesperson's self-confidence, select a student to prepare a demonstration to be given the next day. The next day, choose a student at random to give an impromptu product demonstration of the same item, then have the prepared student give his/her demonstration. Then, after apologies to the impromptu demonstrator, discuss the differences in the two presentations caused by knowledge of the product.

Present several customer objections to the class and have someone record the responses which seem to overcome the objections. Eventually, there should be a list similar to the following:

Customer Objections	Effective Responses
To the price	• Show the quality of the merchandise. • Point out problems with cheaper products.
To the manufacturer	• Explain improvements in performance. • Show how the manufacturer's policies, financial structure, etc. have changed.
To the product	• Present higher-priced products, if available. • Show superiority of product over less expensive brands
To immediate purchase	• Relate reports from satisfied customers. • If item is on sale, remind prospect of termination date of sale. • If price increases are expected, relay this to the prospect. • Assure customer about the store's policies on returning unsatisfactory purchases.

Examples of different closing techniques are:

- The assumption close - During the presentation, the skilled salesperson recognizes the point at which the prospect may be assumed to be convinced. The salesperson then asks, "Will that be cash or charge?"
- The choice close - At the proper point of interest, the salesperson may close by asking, "Do you prefer the blue shirt or the white one?"
- The premium close - Close the sale by offering something extra. "Buy this week and receive a free gift."
- The impending close - Prompts the close by pointing out a coming event. "The sale will end Friday," or "Mother's Day is just a week away."

Have selected students demonstrate different ways of closing sales.

Discuss the similarities and differences between the steps to a sale and the AIDA formula.

II. MERCHANDISING

Student Objectives	Content
	g. Suggestion selling . Selling related items . Selling accessory items . Selling new products . Selling advertised specials
. Given 3 kinds of retail merchandise, describe or demonstrate a suggestion selling technique for each item which is intended to increase the size of the sale.	
. Explain 3 uses of product knowledge in personal selling.	6. Product knowledge a. Matching merchandise to customers' needs b. Answering customers' objections c. Using product knowledge to increase sales d. Giving customers product information . Care of product . Uses of product . Limitations of the product . Warranties e. Product analysis
. Given sales in units and dollars made by a salesperson in a fiscal period, calculate the comparative income if paid commission only or salary plus commission.	7. Remuneration Methods a. Straight salary b. Commission only c. Salary plus commission d. Draw against commission e. Quota system f. Premiums

Suggested Activities

Discuss how net profit increases as more units are sold in the same transaction through suggestion selling.

For example,	One Unit	Two Units	Three Units
Selling Price	$150	$300	$450
Cost	90	180	270
Overhead (a constant)	55	55	55
Net Profit	5	65	125

Have students prepare sales demonstrations, using the evaluation form shown in the Appendix. Use audio/visual tapes, if available, to give students opportunities to replay their demonstrations to build confidence and correct weaknesses.

Students may bring products from home and pair off for simulated sales presentations emphasizing the care and use of the selected products.

Assign students reports on 5 products of their choice. They could base their reports on product information, product benefits, and sales promotion derived from department or chain store catalogs. Anticipated customer objections might also be included.

Each student may prepare an analysis sheet for a selected product to include product information, replies to objections, and merchandise approaches.

Have students prepare a merchandise information manual. Use the outline and rating sheet illustrated in the Appendix.

Give the class practice on a series of problems taken from business mathematics textbooks on several methods of providing salaries, commissions, draws, and other incentives for salespersons.

Interested students may contact retailers and direct sales companies to get information about the ways they compensate their sales forces, including sales promotion and incentive plans.

Have students investigate the income tax ramifications of receiving commissions or company stock as sales incentives.

SBA Free Materials

SMA 158 A Pricing Checklist for Small Retailers
159 Improving Personal Selling in Small Retail Stores
160 Advertising Guidelines for Small Retail Firms
161 Signs and Your Business
169 Do You Know the Results of Your Advertising?

SBB 20 Advertising-Retail Store
37 Buying for Retail Stores

III. HANDLING GOODS

Student Objectives	Content
The student will be able to:	
	A. Transportation of Goods
. Select 4 methods of transportation for goods and explain why each is advantageous for shipping perishables, nonperishables, bulky, and/or high fashion merchandise.	1. Modes of freight transportation a. Common carriers . Trucking . Railroads . Airlines . Shipping b. Contract carriers c. In-house carriers d. Parcel post (U.S. Mail)
	2. Effect of transportation costs a. Meeting competition . Timing . Speed . Care b. Ultimate consumer price
	3. Liability and insurance
	B. Receiving, Marking, Stocking
. Relate the importance of the receiving function to the successful movement of goods into the consumer's hands. . Give a major difference between purchase orders, bills of lading, and invoices.	1. Receiving goods a. Importance of managing incoming merchandise b. Checking quality, quantity, and damage c. Purchase orders, bills of lading, and invoices d. On-order file e. Receiving slip, stock record card
. Give 2 major reasons for merchandise marking and tell why each is particularly important to the selling process. . Name 3 typical merchandise items usually ticketed by each of the 6 kinds of marking.	2. Marking goods for sale a. Reasons for marking . Customer information . Sales convenience . Sales analyses b. Kinds of marking . Handwritten . String-tag . Pin-tag . Button-tag . Electronic tag . Gummed label

III. HANDLING GOODS

Suggested Activities

A. Invite the manager or owner of a local trucking firm, warehouse, or distribution center to describe recent innovations for handling incoming merchandise and various problems and principles associated with transporting goods.

Request from the Princeton Film Center, Inc., its free 30 minute film, "Truck That Tips Its Cab to Service." Preview the film for pre- and post-discussion of traffic management, cost-product control, service problems, and job training. (c/o Distribution Department, Princeton Film Center, Princeton, New Jersey 08540).

Invite a lawyer, an accountant, a trucking official, an insurance agent, or a merchant to present some legal and financial aspects of transporting goods.

B. Have two or three members of the class check in merchandise received by the school store. The students may then demonstrate the uses of any packing slips, bills of lading, and invoices to the class. One of the students may act as narrator.

Enter quantities and unit prices for several products upon a printed invoice. Then, use a heat transfer machine to create a spirit duplication master. Otherwise, type up a master so copies will be available for each student to complete the extensions and totals by hand or on an adding machine.

Discuss the advantages and disadvantages of direct check, blind check and spot check when receiving goods.

Have a student who is employed in receiving, marking, or stocking, present any forms that are used on the job, i.e., travel forms, claim forms.

Students should bring to class six to ten sample marking tickets from local stores and/or recently purchased merchandise. Analyze each, and then develop an original coding system for at least four distinct varieties of merchandise. The students should retain these samples for future reference and review.

III. HANDLING GOODS

Student Objectives	Content
. Explain the meaning of coded information from a sample marking ticket.	c. Place of marking . Warehouse . Receiving area . Selling floor d. Information on ticket . Retail price . Cost price . Season or date of purchase . Size, color, style . Manufacturer and/or vendor . Department or classification
. List 2 situations in which merchandise is pre-ticketed.	e. Pre-ticketed goods . Manufacturer pre-ticketing . Store buyer attaches tickets in advance
. Identify 3 physical areas or locations of stock and list the advantages and disadvantages of these areas as they affect the selling process.	3. Stocking goods function a. Physical work area . Reserve stock (room or corridors) . Floor stock area . Warehouse distribution center
. Describe a similarity and a difference in maintenance responsibility for the 3 physical areas or locations of stock.	b. Stock Maintenance . Rotation . Cleanliness . Orderliness . Damage prevention
	C. Merchandise Inventory and Control
. Give 4 reasons for merchandise control.	1. Reasons for merchandise control a. To identify fast and slow sellers b. To select good promotional items c. To determine value of stock on hand and orders placed d. To prevent overstocking and shortages e. To facilitate rapid retrieval f. To plan stock purchases

Suggested Activities

The class should enjoy devising their own ticket code to cover cost price, age of merchandise, department, class of merchandise, etc.

Use the school store advisor and student workers to describe the responsibilities, functions, and series of checks and balances for which they are responsible. Have the class work with the above team (many of whom may be part of the class) to develop a manual covering procedures such as receiving, marking, and stocking.

Request students to draw a store layout identifying the location of reserve and floor stock areas.

Arrange for a visit to a local supermarket, drugstore, or department store to see how proper maintenance of stock is important to the success of the business.

C. Obtain inventory records from the school store or a cooperating retailer and make copies for each student or use transparencies. Have students divide the inventory into:

1. Fast selling merchandise
2. Steady selling merchandise
3. Slow selling merchandise

Discuss the necessity of having an accurate inventory before recording merchandise.

III. HANDLING GOODS

Student Objectives	Content
. List 2 types of inventory control.	2. Methods of merchandise control a. Dollar control b. Unit control
. Construct a flowchart of a retail store's perpetual inventory system.	3. Inventory systems a. Physical inventory . Check list . Inventory ledgers, sheets, cards
. List the advantages of the physical and perpetual inventory method.	b. Perpetual (book) inventory . Manual, mechanical, or EDP recordkeeping
	4. Inventory management a. Mathematical tools . Turnover rate . Amount or percentage of markup/markdown b. Item classification methods . Point value . Reorder point . Open-to-buy . Hot-item sheets . Six-month plan
	D. Stock Arrangement by Departments
. Give 3 reasons for arranging a store's stock by department.	1. Reasons for stock arrangement a. Customer convenience . Ease of locating merchandise . Related items nearby b. Increase sales . Through related merchandise . Through impulse buying c. Control customer traffic . By placement of merchandise . By arrangement of counters

Suggested Activities

Have a team of students visit a unit buying control office of a local retail store. Follow their method to obtain unit control data and learn how this data gets from the salesfloor to the office. Find out how this information is used by the clerical workers and the merchandise manager.

Visit retailers to see physical and perpetual inventories and manual and electronic data processing of stock records.

Have students prepare a bulletin board showing the information sources needed to control stock using a perpetual inventory system. Example: retrieving records, ticket stubs, sales checks, register tapes, and return slips.

Have a representative from a local electronic data processing firm speak to the class on how EDP helps the retailer increase profit.

Organize a field trip to a warehouse for a demonstration of a system of inventory.

Compare and discuss perpetual and physical inventory systems. Determine the most advantageous systems for several different retail operations.

Have an employed student obtain forms used by a store to record merchandise markdowns and describe their use to the class.

Give the class plenty of exercises in use of mathematical skills.

Invite a store manager to talk to the class about use of open-to-buy and six-month plans to control inventory.

Using the formula, Original retail price minus Final sales price, have students calculate the amount of markdown on selected items in the school store.

Using the formula, Dollar markdown ÷ Total sales, have students calculate the markdown percentage on the same selected items.

D. Have students make a bulletin board describing customer conveniences that are direct results of the stock arrangement.

III. HANDLING GOODS

Student Objectives	Content
. Describe 3 ways general merchandisers arrange their stock.	2. Methods of stock arrangement a. By size of the merchandise b. By color of merchandise c. By category of merchandise d. By customer group
. Name 3 sources for obtaining stock arrangement ideas.	3. Resources for stock arrangement a. Home office guides b. Trade magazines c. Trade shows d. Department managers e. Merchandise buyers

Suggested Activities

Use an opaque projector or hand out duplicates to show the layout of a local chain store showing the percentage of business done by each department. Stimulate a class discussion to show the relationship of the type of merchandise carried to the store layout.

Have students describe experiences as customers or salespersons when departmentalization caused an increase in sales. Discuss different patterns of placement of merchandise, i.e., causing customers to pass through sporting goods to get to hardware.

Have your students visit local department stores to observe the location of impulse, convenience and shopping merchandise. Discuss in class the placement patterns observed.

Use the school store to experiment with stock arrangement. Change the stock arrangement every three weeks or so; and survey the customers to find out which arrangement they prefer.

Invite a department manager from a local retail chain store to explain home guides used by his/her store. Discuss how some chain stores not only have similar exteriors, but how their physical layouts and stock arrangements present the customer with familiar interiors.

Sketch a layout for a retail store, including optimum location of stock and traffic flow to maximize sales.

SBA Free Materials

SMA 123 Stock Control for Small Stores

SBB 75 Inventory Management
79 Small Store Planning and Design

IV. SERVICES OFFERED

Student Objectives	Content
The student will be able to:	
	A. Customer Service
. Give 3 reasons for offering customer services.	1. Rationale for service a. Customer comfort and convenience b. Customer satisfaction c. Pressure of competition d. Nature of merchandise
. List 5 areas of services offered by retailers.	2. Store service areas and policies a. Convenience services . Rest areas . Children's play area . Information b. Community services . Exhibits . Special classes c. Profit services . Ticketron . Cafeteria or restaurant
. Given a list of services offered by retail stores, classify them according to service area.	d. Shopping services . Fashion shows . Personal shoppers . Telephone orders
. Properly wrap a gift item and provide a decorative ribbon bow.	e. Cash and carry (take) . Bagging . Gift wrapping . Pick-up station (warehouse, back door)
. List 3 types of delivery service which retail stores use.	f. Delivery (send) . Store carrier . Public and private carrier . Government postal service
	B. Methods of Payment
. Describe 3 forms of payment considered to be cash.	1. Cash sales a. Legal tender b. Personal and first party checks c. Travelers checks

IV. SERVICES OFFERED

Suggested Activities

A. The students may develop lists of the customer services they, their families, or their neighbors most appreciate. Determine if these customer services are covered under the four included in The Rationale for Service. If not, there may be additional categories to add.

List the four store service areas on the chalkboard. Have the student write several examples for each service area on separate sheets of paper. These services and areas are now ready for intensive discussion.

Some students may have the ability, the means, and the desire to take photographs or slides of several selected service areas. Try to include students in each picture or slide. These will be useful in identifying services and in stimulating interest and discussions.

Some schools have audiovisual or communications centers which may have sketches, photos, and pictures which may illustrate service areas. Transparencies may be made from these.

Request students to cut out five to ten newspaper articles or advertisements pertaining to services. Use several of these cut-outs for discussion and reports, and have the students include these same clippings in their notebook-scrapbooks.

Write several case problems relating to customer services which involve employees. The students might respond individually and/or as teams in attempts to identify, resolve, or suggest alternatives for the problems.

Weigh a package and, from a postage chart, determine the amount of postage due for the class of mail and for the destination.

Field trips to shipping departments of large stores, United Parcel Service, and other freight depots not only will provide your class with much technical information, but the students will become aware of the importance of neatness, accuracy, and dilligence.

IV. SERVICES OFFERED

Student Objectives	Content
. Give 3 reasons why credit should be provided to customers.	2. Credit sales a. Rationale for providing credit . Customer convenience . Price competition . Relative cost
. Explain 3 ways many retail stores offer in-house credit.	b. In-house credit . Complimentary card . Deferred payments . Coupons . Gift certificates
. Name 3 popular credit cards.	c. Credit cards . Master Card . VISA . American Express . Carte Blanche
. Give an advantage and a disadvantage of each of 2 lay-away plans.	d. Lay-away . Deposit . Time . Installments
. Describe 2 kinds of charge accounts offered retail customers.	e. Types of charge accounts . 30, 60, 90 day . Revolving . Installment
	C. Returns and Adjustments
. Describe 3 duties or responsibilities of the person who handles returns and adjustments for a retail store.	1. Responsibilities of R & A clerk a. Know store merchandise b. Establish responsibility for damaged goods . Manufacturer's - Poor construction - Poor materials - Poor packaging
. Give 3 circumstances under which a retailer will usually take back merchandise sold or make an adjustment.	. Retailer's - Improper storage - Improper handling - Careless wrapping - Improper labeling - Incorrect sales advice
. Give 3 circumstances under which a retailer will not take back merchandise sold or make an adjustment.	. Customer's - Misuse of product - Improper cleaning - Exceeded warranty

Suggested Activities

B. Request five students to individually transact with you a purchase utilizing different methods of payment.

A panel of three to five students could debate and develop cash and credit policies for several types of stores. The class would be responsible for assuring the consideration of all the options and alternatives.

Invite a local business person to explain his/her company's credit policies and the rules the store's employees follow in granting credit.

Obtain sample credit card applications for the class to complete as a exercise to stimulate discussion of the advantages and disadvantages of credit card use.

Use any available business machine and/or cash register for the students to practice simulated cash transactions.

Several pairs of students may act as customer and salesperson in a series of credit purchases, i.e., 30 day, 60 day, 90 day, revolving installment plans.

Give students practice in solving problems related to credit and interest expenses. The following is one way of doing this.

> Mr. Jones bought a suit for $280 in July and charged it on his credit card. Under the terms of the credit agreement, he is to pay the net amount in 30 days or there will be a 1½ percent per month on the unpaid balance.
>
> If Mr. Jones paid $40 within the first month and $40 per month thereafter, how many months will it take him to make full payment, and what is the total amount of interest that will be paid?

C. Pairs of students will enjoy alternately playing the role of the irate customer and the service-conscious returns and adjustments clerk. The roles can be reversed with the customer becoming a dominant clerk with a submissive customer.

Students may contact the stores where they or their parents have charge accounts to determine their policies regarding sales returns and allowances.

Practice in handling customer complaints may be provided from a prepared list. Student responses should be based upon knowledge of the product and store policy.

IV. SERVICES OFFERED

Student Objectives	Content
	c. Know health laws regarding merchandise returns d. Know store's return policies . Sale items . Used items . Credit voucher vs. cash e. Maintain good customer relations . Suggest repair of item . Instruct on proper care and use of product
. List 4 basic types of adjustments common to a retail store.	2. Types of adjustments a. Cash refunds b. Merchandise exchange c. Credit voucher . Due bill against another purchase . Credit to charge account d. Partial refund . When fault is not clear . To retain customer good will

Suggested Activities

Invite a local or regional representative of the State Consumer Protection Board or of the County Extension Service to speak to the class about the rights of consumers regarding warranties, returning merchandise, etc.

Some students may enjoy telling the class about interesting experiences they had in returning merchandise, i.e., reasons for return, store policies, service received, adjustments made.

SBA Free Materials

MA 232 Credit and Collections
SMA 133 Can You Afford Delivery Service?
SBB 31 Retail Credit and Collections

V. STORE OPERATIONS

Student Objectives	Content
The student will be able to:	
	A. Security
. Explain 2 reasons why security control benefits the store.	1. Reasons for setting security policies a. To prevent decreased profit through theft of: . Money . Supplies . Merchandise . Records b. To prevent misunderstandings . Management and employees . Store personnel and customers
. Describe how the thief and the store can lose when a shoplifter is caught.	
. Define internal and external theft.	2. Causes of profit loss (shrinkage) a. Theft by the public b. Theft by employees . Embezzlement . Pilferage
. Explain how the customer pays for retail theft.	
. Describe 3 ways to reduce loss due to theft.	3. Methods of reducing loss due to theft a. Tighten security procedures b. Prosecute shoplifters c. Train observant employees d. Increase markup e. Hire more sales or security people
	B. Methods of Security
. Describe 4 standard security measures used to combat employee theft..	1. Store policies a. Employee regulations . One exit door . No handbags on the salesfloor b. Checkout procedures . Authorize overrings . Staple all packages
. Give 2 functions of 2 kinds of security personnel in a retail store.	2. Security personnel a. Floorwalkers b. Guards c. Detective agency

Suggested Activities

A. Divide the class into two groups. Have one group describe problems caused by tight security in a store, and the other group defend a tight security system.

Invite a police officer, an attorney, or a store security officer to discuss the legal ramifications of retail theft for the criminal and for the store.

Plan a DE or DECA anti-shoplifting education campaign for your community or school. Sources of information and assistance:

DECA, 1908 Association Drive, Reston, VA 22091
NRMA, 100 West 31 Street, New York, NY 10001
NY State Commerce Department, 99 Washington Avenue, Albany, NY 12230

Develop a class or chapter scrapbook depicting the anti-shoplifting campaign through narration and illustrations. Use photographs, newspaper clippings, TV/radio spots and articles to tell the story of the campaign. The scrapbook should show the beneficial aspect of the project and the percent of the school or community reached.

Use a shrinkage figure of three percent of sales, have your students do some math problems to demonstrate how damaging shoplifting is to the retailer, i.e., 3% x $1,000,000.00 in sales = $30,000.00 loss.

Develop a list of reasons why shoplifting is increasing.

Describe the cash control and stock control systems used in the school store.

Invite a security person to demonstrate the use of the polygraph.

B. Have a working student explain store security procedures that employees must follow in his/her store. Example: checking packages, employee exits.

Using a chalkboard, make a list of the ways security guards prevent theft.

Have individual students or teams interview some local store managers to learn what actions the store takes when a shoplifter is apprehended.

Make photocopies of the shoplifting article from *Chain Store Age*, September 1978, pages 68,69 and distribute them to students for outside reading. (Appendix F)

V. STORE OPERATIONS

Student Objectives	Content
. Explain how 4 types of detection devices operate to prevent theft by the public.	3. Detection devices a. Electronic . Videotape equipment . Unpaid merchandise detectors b. Manual . Mirrors . One-way glass
. Describe 2 ways of protecting displayed merchandise.	4. Display techniques a. Enclosed displays . Glass cases on wall . Merchandise under counter b. Non-removable displays
. Explain 2 packaging techniques used to prevent loss.	5. Packaging a. Protective covering . Blisterpack . Shrink wrapping b. Oversizing . Taped into a long package . Small items on large card
. Give 3 reasons for a program of store maintenance. . Describe 2 differences between preventive maintenance and repair work.	C. Store Maintenance 1. Protection of capital investment a. Preventive maintenance . Cleaning . Adjusting . Inspection b. Repairs . Carpentry . Plumbing . Painting . Electricity
. Discuss the relationship between store maintenance and store image.	2. Preservation of store image a. Meet customer expectations b. More attractive than competitors c. Invite repeat business
. Describe 3 ways a store can improve customer convenience and safety.	3. Customer convenience and protection a. Clean restrooms and cafeterias b. No traffic bottlenecks c. Easy access to sales areas d. Safe aisles, stairways, and sidewalks

Suggested Activities

Have your students try to design the perfect store where a pleasant shopping environment exists and theft is discouraged. Perhaps they will be able to invent some detection devices not yet in use.

Some manufacturers, wholesalers, and retailers may be willing to demonstrate how their theft prevention devices operate.

Students with artistic ability may create a poster using pictures and/or actual packages that have been designed to prevent shoplifting.

Topic: "Employee Honesty and Success on the Job." With a student acting as moderator, posing questions suggested by class members to a panel made up of (1) a personnel director of a local department store (2) a job counselor from the local state employment office (3) a probation officer.

C. Have each student select two reasons for proper store maintenance and write a paragraph to support his or her choices.

Using brainstorming, have the class identify the advantages of a well-kept store for both the store and the customers.

Request the superintendents of buildings and grounds or the head custodian to answer questions from the class regarding standards, regulations, building and fixture repairs, and preventive maintenance.

Use a slide, filmstrip, or transparency of a storefront, display window, or store interior to stimulate interest and discussion of store image in relation to repeat business, competition, and customer expectations.

Discuss the importance of maintenance and cleaning of the school store.

Have the students who have worked in maintenance describe their duties and respond to questions from the class.

In a one page composition, have students report on the effects of a selected store's maintenance and image relationship.

V. STORE OPERATIONS

Student Objectives	Content
	. Unobstructed . Snow and debris removed . Dry and clean floors . Well lighted passageways
. Give 2 examples of common violations of government regulations made by retailers.	4. Meeting government regulations a. Federal b. State c. Local
	D. Personnel Management
. List 5 functions of personnel management.	1. Hiring and placement
	2. Training and development
	3. Payroll preparation and accounting
. Describe 3 kinds of fringe benefits usually available to store employees.	4. Fringe benefits administration a. Insurance coverages b. Vacation and sick leave c. Profit sharing d. Discounts
	5. Employee relations
	6. Labor negotiations
	7. Procedures development
	8. Employee reviews and recommendations
	9. Job classifications and specifications
	E. Financial Management
. List 4 functions of financial management and give an example of each.	1. Profit and loss data a. Cost of goods sold b. Gross profit c. Operating expenses d. Net profit

Suggested Activities

Discuss how several different types of employees can help improve store image in their day-to-day jobs.

Invite a representative of OSHA or the N.Y. Fire Insurance Rating Organization to speak to your class on the importance of safety at work and proper preventive maintenance.

D. Present some personnel department functions, using a transparency. Elicit discussion from employed students.

Develop a case problem or use case problems from DECA competitive events relating to employee problems for the students to present possible solutions and alternatives.

Request each student to cut out several help-wanted advertisements and underline the listed employee benefits.

Some students may enjoy developing a brief orientation and training manual for new employees. They may be able to obtain such manuals from local firms and use them as models for their own projects.

Have students research various retailing jobs in the Occupational Outlook Handbook. Compare descriptions with their jobs and/or understandings.

E. Invite a panel, consisting of the school business manager, a local store manager, and a local accountant to discuss financial management.

If the distributive education teacher does not also teach bookkeeping, invite a colleague or a local accountant to present the more technical aspects of this section.

The local accountant and/or college professor of accounting would be excellent resource persons, not only for advice and assistance, but for career information.

Use corporate reports to demonstrate examples of various kinds of financial information.

Present a case problem to individuals or groups in the class for them to determine the alternatives and recommendations on the financial problems of a retail store on the brink of bankruptcy due to poor financial management.

V. STORE OPERATIONS

Student Objectives	Content
. Plan the year's budget for a school store using a proper financial statement.	2. Budgets a. Preparation b. Administration
. Describe 3 kinds of reports used in financial analysis.	3. Analysis a. Analyze reports . Sales charts . Production graphs . Business trends . Income statements . Balance sheets b. Analyze cash flow . Schedules of receipts . Schedules of payments
	4. Planning a. Future operations b. Investments c. Long-and short-term borrowing
. Describe 3 forms of insurance protection available to retail stores.	5. Insurance coverages a. N.Y. State standard fire insurance policy . The co-insurance clause . Business interruption rider b. Theft and burglary insurance . Comprehensive vs. deductible . Open stock burglary rider c. Fidelity coverage . Position schedule bond . Blanket bond d. Insuring goods in transit e. Public liability insurance

Suggested Activities

Using an overhead projector, show the budget of the DECA Chapter, if available, or write the budget of a high school organization on the chalkboard.

Request the school store advisor to speak to the class regarding the income and expenses of that operation.

Invite some local property and casualty insurance agents or brokers to explain some basic business insurance concepts, coverages, or clauses.

SBA Free Materials

SMA 119 Preventing Retail Theft
129 Reducing Shoplifting Losses
130 Analyze Your Records to Reduce Costs
134 Preventing Burglary and Robbery Loss
137 Outwitting Bad Check Passers
150 Business Plan for Retailers
151 Preventing Embezzlement
165 Checklist for Profit Watching
166 Simple Breakeven Analysis for Small Stores

SBB 72 Personnel Management
86 Training for Small Business
87 Financial Management

MA 249 Should You Lease or Buy Equipment

VI. MARKETING RESEARCH

Student Objectives	Content
The student will be able to:	
. Describe 3 practical uses of marketing research.	A. Practical Uses of Marketing Research 1. Comparison with competitors a. Prices . Staples . Sale merchandise b. Assortments of merchandise carried c. Brands offered for sale 2. Suitable store location 3. Measurement of effective sales promotions 4. Optimum store layouts a. Floor arrangement b. Merchandise displays 5. Followup surveys a. Results of sales training programs b. Unusual number of customer complaints c. Low employee morale
. Explain 3 benefits of using research in solving problems.	B. Benefits of Using Objective Research 1. Provides current data 2. Provides factual data 3. Reduces probability of erroneous decisions 4. Reduces guesswork in making decisions

VI. MARKETING RESEARCH

Suggested Activities

A. As a class, in teams, or individually, have students prepare a marketing research project based on the DECA- Sales and Marketing Executives, International (SMEI) specifications which appear in the Appendix. These specifications may be modified, but along with the rating sheet, would serve as guidelines for a project.

Set up teams of three or more students and ask each team to assemble a list of all the possible uses a particular type of retail store would have for marketing research.

Conduct a survey in school to determine whether the students are aware of the school store's window display. Perhaps a special display might be used as the subject of such a survey.

Survey students to learn why they do, or do not, patronize the school store.

B. Develop plans and research a topic centered around a school activity which might be controversial. Examples: no smoking rules, discontinuing interscholastic sports, early dismissal for work, limited parking for students, etc.

VI. MARKETING RESEARCH

Student Objectives	Content
	C. Research Theories
	1. Universe theory
. Explain how samples are used to describe the survey population.	2. Sampling theory a. Probability . Random . Stratified b. Significant deviation
	D. Research Data Sources
. Describe 5 internal sources of marketing research data.	1. Internal data a. Invoices b. Bills of lading c. Purchase orders d. Budget reports e. Financial statements f. Sales logs g. Cash register tapes h. Salesperson reports
. Name 3 types of organizations which provide external research data.	2. External data a. Merchants association b. Private research companies c. Chambers of Commerce
. Explain 5 ways of obtaining primary data.	E. Obtaining Primary Data
	1. Survey a. Mail b. Telephone c. Personal interview
	2. Want slips
	3. Comparison shoppers
	4. Consumer panels and diaries
	5. Customer contacts
	6. Store records

Suggested Activities

C. Have students determine the population sample to be used to collect certain data. Examples: food items to be sold at basketball games, after-graduation plans of students, most popular radio station in area for music, reasons for shopping a particular center, etc.

D. The local Chamber of Commerce may be interested in volunteers from the class to conduct a survey for them. Visit their headquarters to discuss possible survey topics which might assist the Chamber in its activities.

E. Show the filmstrip showing the development of the product Pampers, available through Proctor and Gamble.

Use the school store as the focal point of research to:

- Select a name for the store
- Determine new lines of merchandise
- Set hours of operation
- Other

Have students design a want slip for use in the school store.

VI. MARKETING RESEARCH

Student Objectives	Content
. List the 5 steps in solving a research problem.	F. Problem-Solving Techniques 1. State the problem 2. Gather the data 3. Draw conclusions 4. Make recommendations 5. Follow up on problem
	G. Preparing Survey Questions
. Give an example of a multiple-choice question and of an open-ended question used in an market research questionnaire.	1. Types of questions a. Two-choice question b. Multiple-choice question c. Open-ended question 2. Guidelines a. Use the first part of the questionnaire to adequately identify the respondent b. Arrange questions in logical order c. Avoid use of leading questions d. Ask specific, not general questions e. Keep the wording simple and clear f. Avoid very personal questions
	H. Data Analysis
. Differentiate between the mean; the median, and the mode.	1. Determine central tendency a. Mean b. Median c. Mode 2. Rate by ranking 3. Determine quartiles, deciles, and/or percentiles

Suggested Activities

F. Follow problem-solving techniques by using a variety of case problems. Check the daily newspaper for a local problem and have students attempt to solve it, i.e., shoplifting, store hours.

G. The class should go through development of a simple survey form at least one time so they will appreciate the difficulty of creating items which will provide responses discreet enough to be useful in research.

Have students develop questions to be used for specific surveys as mail, telephone or personal interview.

H. The instructor should lead the class in computing the mean, median, and mode averages of their last marketing exam.

VI. MARKETING RESEARCH

Student Objectives	Content
. List 3 organizations that do marketing research and give a reason why each would do it.	I. Research Organizations 1. Advertising agencies 2. Research organizations 3. Government agencies 4. Chambers of Commerce

Suggested Activities

I. Students may enjoy conducting surveys or random sampling in person or on the telephone. They may each choose one of the research topics given or suggest one of their own ideas. For example, they may discover certain firms that have high demand for some jobs with few applicants; and they may be able to prepare themselves for those careers before leaving high school.

Invite guest speaker from private industry to discuss how they gather and use marketing information.

SBA Free Materials

SMA 150 Business Plan for Retailers
156 Marketing Checklist for Small Retailers
167 Learning About Your Market

SBB 9 Marketing Research Procedures
18 Basic Library Reference Sources

VII. MARKETING MANAGEMENT

Student Objectives	Content
The student will be able to:	
. Describe 5 factors to consider when determining where to open a retail store.	A. Criteria for Selecting a Retail Location
. Give 3 demographic characteristics about potential customers that should be known before opening a retail store.	1. Description of trading area a. Geographic boundaries b. Customer demography . Population density . Sizes of age groups . Income levels . Major employers . Sales potential . Traffic patterns
	2. Potential competition
	3. Building acquisition costs a. To lease b. To purchase c. To build
. List 5 kinds of Federal, State, or local taxes encountered in retail merchandising.	4. Federal, State, and local taxes a. Income taxes b. Excise taxes c. Property taxes d. Sales taxes e. Corporation taxes f. Payroll taxes
	5. Labor situation a. Available local employees . Prevailing wages . Experience and training b. Degree and type of local unionization
	6. Available advertising media
. Explain 3 ways good transportation is essential to the retailer.	7. Transportation availability a. For receiving goods b. For shipping goods c. For employees d. For customers . Traffic flow . Access to store . Ample parking . Public transportation

VII. MARKETING MANAGEMENT

Suggested Activities

A. Each student could select a different chain store or franchise, i.e., drug store, fast food shop, shoe store, ice cream parlor, and, with the cooperation of the manager, determine the criteria used in deciding why, when, and where to open a new store. The resulting reports should be shared with the class. It will be interesting to see how many of the factors shown at the left were used and if any additional criteria may be added.

The class should be able to determine that certain merchandise or consumer services are lacking in the community. The students may enjoy developing a prospectus in support of starting such a retail outlet, using the criteria previously validated. Members of The Chamber of Commerce, service clubs, such as Rotary, etc., should be willing to help in such a project.

Select students should interview retailers for their opinions about taxes they have to pay and their effect upon their business operations and the prices they charge for merchandise. In addition to Federal, State, and local sales taxes, the interview should cover property, corporation, payroll, and other taxes discussed by the proprietor, manager, or accountant.

Have students review materials from the State Labor and Commerce Departments to gain a knowledge of statistics and data available for employers.

VII. MARKETING MANAGEMENT

Student Objectives	Content
	8. Prevailing business conditions
. Describe 5 different types of store locations.	B. Types of Store Locations
	1. In a centralized shopping district a. Downtown b. Neighborhood
	2. In a secondary shopping district
	3. In a shopping center or mall
	4. Along a highway
	5. On a string street
. Give 3 benefits enjoyed by a retail shop located on a street corner.	C. Advantages of a Corner Location
	1. More display space
	2. More entrances
	3. Increased traffic
	4. More natural light
	D. Advantages of Locating in a Shopping Center
. Describe 3 ways competition is reduced in shopping centers.	1. Reduces competition a. Duplicate stores eliminated b. Similar merchandise quality c. Cooperative sales promotions d. Similar store image
. Give 2 reasons why customers are attracted to shopping centers.	2. Attracts customers a. Easy parking b. Protection from weather in a covered mall c. Access to a variety of stores . Department stores . Pharmacies . Specialty shops . Restaurants

Suggested Activities

B. Prepare a map showing tentative locations for a specific type of store. Instruct students to choose the location that would be most profitable. Be sure to include the criteria previously discussed.

C. Firms often hire teams of secondary school students to conduct surveys, traffic counts, etc. Have the class look for such advertisements or make inquiries through family contacts for a possible class project. If not, the class can make a traffic count as an exercise to determine the busiest intersection for automobile and/or pedestrian traffic. An ice cream franchise, for instance, would be interested in locating on the side of the street where the most teenagers walk by.

D. As a class exercise, compare two local or nearby shopping centers to determine why one has more customers than the other. Some factors to consider are:
   - Available public transportation
   - Hours open
   - Merchandise and services offered
     - Quality
     - Price
     - Variety
     - Style
     - Reliability
     - Brands
   - Attractiveness and cleanliness
     - Of the neighborhood in which the shopping center is located
     - Of the total shopping center
     - Of the individual shops

   An interesting panel discussion could be arranged between students portraying downtown and shopping center merchants. Another student could serve as moderator. The topic: "Are shopping centers or downtown stores of more benefit to the local community?"

VII. MARKETING MANAGEMENT

Student Objectives	Content
	E. Planning Space for Essential Needs
. Describe 5 essential needs for which a retail store must provide adequate space.	1. Easy access for customers a. Ample, nearby parking b. Attractive, safe entrances c. Adequate aisles d. Properly placed escalators and elevators 2. The sales floor a. Attractive display areas . Glass counters and cabinets . Garment racks . Merchandise display tables and bins b. Clean and secure dressing and fitting rooms 3. Behind the scenes a. Customer services . Exchanges and refunds . Credit department . Rest rooms b. Administrative offices . Billing . Purchasing . Finance . Accounting c. Merchandise handling . Receiving . Storage . Shipping d. Utilities systems . Plumbing . Heating and air conditioning . Electrical
. Give 3 benefits derived from effective use of space in a retail store.	4. Benefits from effective use of space a. Makes goods more accessible b. Enables displays to be more effective c. Reduces inventory shrinkage d. Creates a better store image e. Improves employee morale

Suggested Activities

E. With one student at the chalkboard, the class can develop a checklist of the essential needs for which a department store should provide adequate space. After the checklist is duplicated, several selected students or the entire class could visit local or nearby stores to compare relative space planning. Some store managers or owners may be interested enough to explain to the students how their plant was designed and what the architect's plans and blueprints show about anticipated use of space. Student findings should be written and reported to the rest of the class. Comparisons between stores, changes from the original plans, new theory on use of space, etc., are topics which can be covered.

VII. MARKETING MANAGEMENT

Student Objectives	Content
	F. Planning Guidelines for Store Layout and Design
. Describe 3 ways to create an effective storefront.	1. Creating an effective storefront a. Entrances easily identified b. Store sign or logo blends with the motif, yet attracts attention c. Color and materials boldly, yet harmoniously, used d. Optimum window display usage . Don't destroy effectiveness by overcrowding . Don't interfere with pedestrian traffic . Be unique, but don't clash with neighboring stores . Where possible, use open displays
. Explain 3 essentials for an effective sales floor.	2. Creating an effective sales floor a. Good lighting b. Comfortable environment . Heating and air conditioning . Carpeting . Furniture c. Modern and efficient display equipment d. Concentrate stock without overcrowding
. Give 3 criteria to use in selecting display equipment.	3. Selecting display equipment a. Adequate protection b. Effective display c. Easily accessible . To salespersons . To customers d. Create good store image e. Ease of setup, rearrangement, and removal
. Describe 3 methods of controlling or guiding customer traffic.	4. Traffic control a. Remove or install barriers b. Size of aisles . Wide aisle at left encourages traffic in that direction . Center aisle should not be too wide c. Location of merchandise and displays

Suggested Activities

F. Members of the class can use various talents to complete individual projects on the topic of attractive and effective store fronts and display windows. Some students can create dioramas of display windows, some can sketch store fronts, some can build models, and some can take photographs of existing exemplary store fronts and windows.

Have teams of students construct store layouts. The following specifications are suggested for project uniformity: Base size, 18" x 24". The roof should be considered as having been removed so that the viewer sees the layout in three dimensions. No merchandise is included. A detailed legend should accompany the model showing the location of counters, cases, aisles, etc. The students and teacher might rate each layout as follows:

criteria	maximum possible points
Proportionate Scale Used Throughout	15
Appropriate Fixtures	10
Sales Supporting Activity Space	15
Administrative and Business Offices	5
Department Locations	20
Model Identification and Labeling	10
Innovative Benefits to the Selected Store	15
Traffic Flow	10
TOTAL POSSIBLE POINTS	100

Students lacking artistic ability can survey department stores and supermarkets to report their observations on traffic control methods, merchandising promotions, placement of high and low demand merchandise, location of customer service offices, etc.

Discuss the art and science of placement of goods and services in a department store. Members of the class who are employed in such stores may describe such procedures as:

- Placing related items near each other
- Making customers pass through staple or low-demand merchandise to get to sale or high-demand items or to customer services
- Displaying impulse or convenience items at entrances, at the head of aisles, and/or near cash registers.

VII. MARKETING MANAGEMENT

Student Objectives	Content
	G. Supervision
. Give 5 characteristics of a successful supervisor.	1. Characteristics of successful supervisors a. Understands the total operation b. Is loyal to the firm c. Knows the merchandise and procedures d. Can teach others e. Can inspire others f. Is liked by co-workers g. Is ambitious and industrious h. Is intelligent and imaginative i. Is able to make decisions
. Detail the steps in the decision-making process.	2. The decision-making process a. Identify the problem b. Gather the facts c. Consider alternatives d. Select a feasible solution e. Implement the selected procedure f. Evaluate the results
. List 3 supervisory functions.	3. Supervisory functions a. Long and short range planning b. Organizing . Scheduling . Delegating c. Giving orders and suggestions d. Controlling . Measuring performance . Auditing results . Analyzing problems . Making decisions . Disciplining employees e. Staffing . Hiring . Training . Rewarding . Firing

Suggested Activities

G. Much has been written on the topic of supervision. The students should be assigned outside reading on this topic generally and upon business management and store supervision more specifically.

Invite a local retail chain store supervisor, who may be in executive training or career-ladder programs, to lead a panel discussion on the criteria for good supervision. The class should determine how many of the 9 Characteristics of Successful Supervisors are covered and if others not listed here are mentioned.

Textbooks and workbooks in general merchandising, retailing, and marketing have many case problems from which selections may be presented to the class. Call upon students to solve these problems using the Decision-Making Process. It is further suggested that students be divided into teams in order to present reports on their solutions.

Have the class form pairs of employers and employees or potential employees and simulate interviews for pre-employment, grievance, discipline, and termination.

Obtain an organization chart from a local store where students are employed and discuss the various supervisory relationships.

Discuss outcomes when a person has responsibility without authority.

VII. MARKETING MANAGEMENT

Student Objectives	Content
	H. Motivation
. Give 3 reasons for maintaining high staff morale.	1. The importance of good morale a. Quality of work b. Quantity of work c. Achievement of goals d. Self-motivation
. Describe 5 indicators of poor employee morale.	2. Indicators of poor morale a. High employee turnover b. Low productivity c. High absenteeism d. Frequent tardiness e. Poor workmanship f. Poor customer relations
. Explain 5 ways of creating or improving employee morale.	3. Creating good morale a. Communication b. Mutual trust c. Mutual sincerity d. Mutual respect e. Praise and recognition f. Opportunity for challenging work g. Opportunity for variety in tasks h. Participatory management i. Financial records j. Security

Suggested Activities

H. Motivation of employees, particularly those in routine jobs, is a continuing challenge for supervisors in retail merchandising. This could be a second topic for the store managers and personnel directors who are describing their supervisory practices. They should discuss their inservice education programs, promotional practices, special sale commissions, prizes, and other employee awards and incentives.

Ask students who have part-time jobs to identify what they consider the 5 most important factors which motivate them on their jobs.

Discuss with class why money is only a short-term motivator.

SBA Free Materials

MA 201 Locating or Relocating Your Business

SMA 143 Factors in Considering a Shopping Center Location
152 Using a Traffic Study to Select a Retail Site
154 Using Census Data to Select a Store Site
157 Efficient Lighting for Small Stores
168 Store Location: "Little Things" Mean a Lot

VIII. RECORDKEEPING

Student Objectives	Content
The student will be able to:	
. Describe 5 types of retail merchandising records which are kept.	A. Retailing Records 1. Sales a. Fast moving merchandise b. Slow moving merchandise c. Fashion merchandise d. Staple merchandise 2. Sales returns and allowances 3. Purchases a. Merchandise for sale b. Operational supplies and equipment 4. Cash receipts and expenditures 5. Accounts receivable 6. Accounts payable 7. Taxes 8. Profit and loss
. Identify selected forms used in retailing.	B. Basic Forms Used in Retailing 1. Sales check, slip, or ticket 2. Purchase order or invoice 3. Cash register tape or printout 4. Credit memo or voucher 5. Keypunch or mark-sense card 6. Magnetic tape or memory card 7. Key-to-disk input form or list 8. Customer's statement or bill 9. Sales receipt

VIII. RECORDKEEPING

Suggested Activities

A. Plan a visit behind the scenes primarily to observe the use of various records on the job.

B. A team may enjoy constructing an attractive bulletin board display of forms used in the stores where classmates are employed or where the students and their parents shop.

Student workers may use an opaque projector to fill out and explain the use of blank forms brought from the store where they are employed.

VIII. RECORDKEEPING

Student Objectives	Content
	10. Disbursement checks
	11. Price tag
	12. Inventory code tag
	13. Inventory control card
	14. Packing slip or waybill
• List the 5 major accounting classifications.	C. The Major Accounting Classifications 1. Assets 2. Liabilities 3. Owner's equity 4. Expenses 5. Income
• Distinguish between fixed and current assets by giving 2 examples of each.	D. Types of Assets 1. Fixed assets a. Land b. Buildings c. Furniture and fixtures 2. Current assets a. Cash b. Securities c. Inventories d. Accounts receivable
• Distinguish between fixed and current liabilities by giving 2 examples of each.	E. Types of Liabilities 1. Fixed liabilities a. Bonds b. Notes c. Mortgages payable

Suggested Activities

C. Familiarity with recordkeeping, bookkeeping, and accounting terms is as advantageous as knowledge of the forms used. The prospective retail merchandise employee should learn the meaning of as many of these terms as she/he is able to absorb. Not only will this help in job interviews, but such information will be useful on the job and in paving the way for promotion. It is not the intent of this module to train bookkeepers; but interested and capable students should be given as much content as interest, ability, and time will allow. Students showing greater ability should be referred to a bookkeeping and accounting course as a corollary.

Some teachers find the use of simple accounting statements, such as balance sheets and income statements, very helpful in explaining the terms.

Take the class to a receiving dock of a large department store, and arrange to have the receiving clerk explain how the code numbers assigned there are the bases for all the recordkeeping of the merchandise before and after it is sold.

VIII. RECORDKEEPING

Student Objectives	Content
	2. Current liabilities a. Accounts payable b. Accruals . Payroll deductions . Taxes . Expenses
. Explain owner's equity or proprietorship.	F. Owner's Equity Accounts 1. Owner's original investment 2. Capital from sale of property 3. Retained earnings 4. Net equity
. Describe 5 kinds of expenses common to retail merchants.	G. Categories of Expenses 1. Personnel costs 2. Building operations 3. Accounting and control 4. Sales promotion 5. Materials handling 6. Credit 7. Fixed costs
	H. Income Accounts 1. Sales income 2. Interest earned 3. Rental income 4. Purchase discount

Suggested Activities

Give the class practice in solving arithmetic problems common to retail merchandising, such as cost of goods sold, markups, discounts, ratios, inventory valuations and stock on hand. Retailing, marketing, and business mathematics textbooks and workbooks are replete with such problems and cases.

G. Have students develop lists of expense and income items in the various categories.

VIII. RECORDKEEPING

Student Objectives	Content
	I. Methods of Inventory Valuation
. Differentiate between LIFO and FIFO.	1. Cost method a. First-In, First-Out (FIFO) b. Last-In, First-Out (LIFO) c. Average cost d. Specific or actual cost
	2. Market method a. Lower of cost or market b. Market basis always used
	3. Retail method a. Retail approximating cost b. Retail approximating lower of cost or market c. LIFO retail
. Given sufficient data, construct a balance sheet.	J. Balance Sheet Assets - Liabilities = Proprietorship
. Given the dollar amounts for gross sales, cost of goods sold, expenses, and taxes, compute the net profit.	K. The Income Statement
	1. Gross sales
	2. Less cost of goods sold
	3. Gross profit or margin
	4. Less expenses
	5. Net profit before taxes
	6. Less taxes
	7. Net profit
. Given total cost of a specific quantity of merchandise and the unit retail price, determine the break-even point.	L. Computing the Break-Even Point: Total Cost of X units of merchandise ÷ by Retail Price Per Unit = Number of Units to Sell to Break Even
. Describe 3 business functions of automatic data processing.	M. Common Automatic Data Processing Functions
	1. Inventory control
	2. Payroll processing
	3. Posting and billing

Suggested Activities

I. Give students necessary figures to determine the ending inventory and cost of goods sold, using various methods of inventory valuation. School Store records may be used as a resource for this activity. See Appendix VI.

J. The students might construct a balance sheet of their family's financial condition for their own and their parent's information.

K. Enlist the DECA treasurer to provide the necessary information for students to prepare a financial report to the local DECA Chapter.

L. Assign the DECA treasurer to compute the breakeven point for a specific DECA fundraising project.

M. Larger school districts and Boards of Cooperative Education Services use their automatic data processing hardware and software for payroll, posting and billing, and other functions of interest to the class.

SBA Free Materials

SMA 130 Analyze Your Records to Reduce Costs
149 Computers for Small Business - Service Bureau or Time Sharing?
155 Keeping Records in Small Business

SBB 15 Recordkeeping Systems - Small Store and Service Trade
80 Data Processing for Small Businesses

IX. BUSINESS AND GOVERNMENT REGULATIONS

Student Objectives	Content
The student will be able to:	
. State 2 major reasons for retailing-related legislation.	A. Major Reasons for Business Legislation in Retailing 1. Consumer protection 2. Retailer protection 3. Employee protection
. Describe 5 retailing functions that are regulated by the government.	B. Areas in Retailing That are Regulated 1. Advertising 2. Credit usage 3. Pricing 4. Hiring practices 5. Location 6. Labeling 7. Employee relations
. Give an example and justification of local government regulation of business.	C. Regulation by Local Government 1. Zoning laws 2. Building ordinances 3. Licenses
. Give an example and justification of New York State government regulation of business.	D. Regulation by State Government 1. Tax collection 2. Conditions of employment 3. Licensing requirements 4. Wording of advertisements
. Give an example and justification of federal regulation of business. . Explain selected laws and regulations as they apply to retailing.	E. Regulation by Federal Government 1. Child safety acts • Federal Hazardous Substances Act • Poison Prevention Packaging Act • Child Protection and Toy Safety Act 2. Packaging and labeling • "Fair Packaging and Labeling Act" 3. Credit • Truth in Lending Act • Unsolicited Credit Cards Amendment • Fair Credit Reporting Act

IX. BUSINESS AND GOVERNMENT REGULATIONS

Suggested Activities

A. A panel made up of consumer advocates or representatives from retail associations could be invited to discuss topics such as responsibility for inflation prices, quality vs. low cost merchandise, etc.

B. Using sources such as the "Consumer Law Handbook" (NY State Department of Consumer Affairs), have students compile a list of laws applying to various areas of retailing which are subject to government regulations.

Invite local retailers into your classroom to discuss the effects of government regulation on their individual businesses.

Have students bring in various labels from groceries, wearing apparel, appliances, etc., and classify according to legal requirements, production information and promotion.

C. Organize a committee of students to investigate the zoning laws in your community.

Organize a field trip to attend a local hearing on building permits and the granting of business licenses.

D. Use sales tax forms and instructions from the State Department of Taxation to determine taxable merchandise and how to compute tax charged.

Organize a debate on a controversial law such as "blue laws."

Have groups of students research various regulatory laws and report findings to the class.

E. Have a team of students combine efforts in writing to the U.S. Department of Commerce to obtain information on new or pending legislation regarding retailing.

Instruct students to design a package for a hypothetical product complying with the standards set by the "Fair Packaging and Labeling Act."

Assign a group of students to read a law regulating credit. Their report should include: justification for the law, important features of the law, and any reasons why retailers might object to them.

IX. BUSINESS AND GOVERNMENT REGULATIONS

Student Objectives	Content
	4. Advertising • Federal Trade Commission - F.T.C. • Wheeler-Lea Amendment
. Recognize the contradiction between the Sherman Anti-Trust Act and the Fair Trade Laws. . Explain why discount stores were opposed to the Fair Trade Laws.	5. Pricing and competition • Sherman Anti-Trust Act • Fair Trade Laws • Miller Tydings Act
. Explain the fundamental differences between the Wagner Act and the Taft-Hartley Act. . List examples of questions that cannot legally be asked of a job applicant.	6. Employee welfare • Wagner Act • Taft-Hartley Act • Fair Employment Practices Act • Fair Labor Standards Act • Social Security Act • Occupational Safety and Health Act
. Distinguish between the 2 major types of warranties.	F. Warranties 1. Implied 2. Expressed
. Describe 3 ways a consumer can seek compensation from a retailer who has treated him unfairly.	G. Consumer Protection Aids 1. Better Business Bureau 2. Chamber of Commerce 3. Consumer Arbitration 4. Department of Consumer Affairs (N.Y.S.) 5. Attorney General's Office (U.S. and N.Y.S.) 6. Small Claims Court

Suggested Activities

Present filmstrip "Advertising and the Consumer" distributed by Proctor and Gamble and follow with a discussion of how advertising and its regulation have changed.

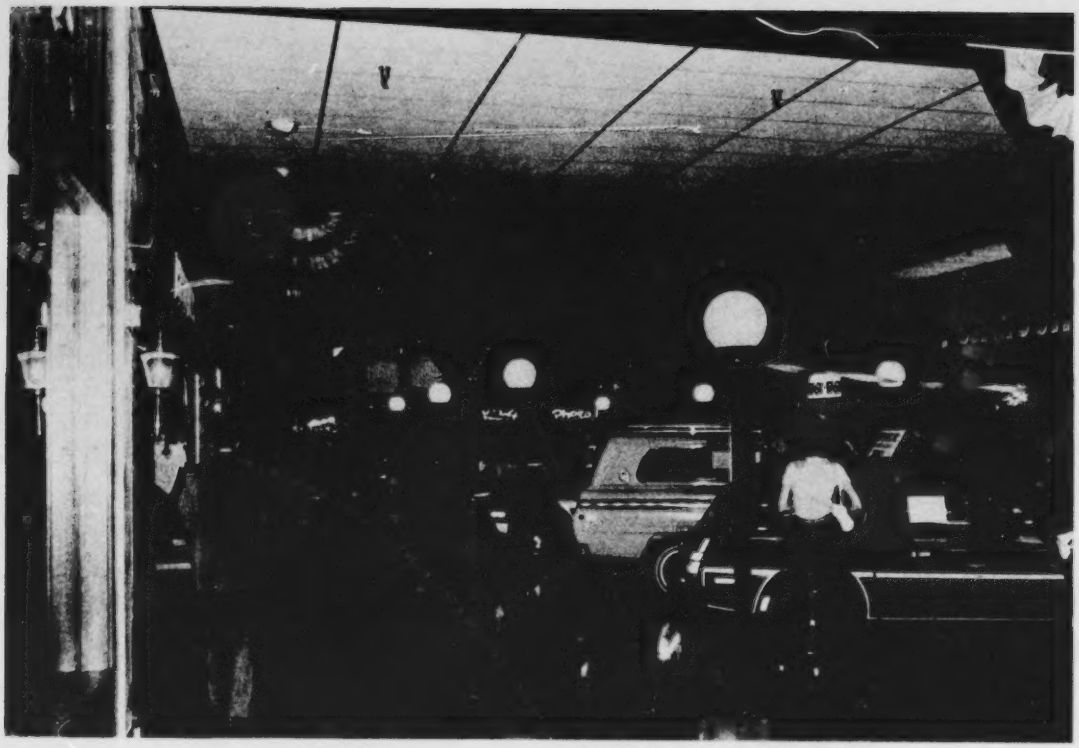
Organize simulated job interviews that illustrate changes brought about by Civil Rights legislation.

G. Invite a speaker from New York State Public Information Research Group (NYSPIRG) into your class to discuss consumer protection provided by the Better Business Bureau, Chamber of Commerce, and Small Claims Court.

Make arrangements to have the class visit a session of the small claims court.

SBA Free Materials

SMA 118 Legal Services for Small Retail and Service Firms
142 Steps in Meeting Your Tax Obligations
170 Thinking About Going into Business?



APPENDIX A

CAREER MANUAL

Purpose:

To give experience in research, selection and organization of information for practical use on a career in a specific industry.

Description:

The manual must be on a career in a specific industry area. Example: Hardgoods salesman, ladies clothing designer, etc. It should be the original and creative work of the student and be typed or in ink. Both artwork and pictures are acceptable illustrations.

On the back of the title page, an explanation must show the relationship of the manual to the student's occupational goal and/or his present cooperative on-the-job training.

The information contained in this manual must provide a complete overview of the career being compiled -- the requirements for the career, personality characteristics, education required to be successful, the number of jobs available now and in the future. It is suggested that the contestant visit with people now in this career. This manual may contain any information pertinent to the career the writer has selected as his topic.

CAREER MANUAL RATING SHEET

PURPOSE Is the purpose clearly stated and does the manual achieve this?	10	____(10)
RELATIONSHIP TO OCCUPATIONAL GOAL	10	____(10)
APPEARANCE Originality, appropriateness of illustrations, neatness and layout.	20	____(20)
USE OF WORDS Grammar and spelling	10	____(10)
SUBJECT COVERAGE	40	____(40)
	90	

The information should be concise, clear, complete and useable. Background information such as: Employment statistics, past, present and future qualifications, personality, and education required, opportunities for advancement and on-the-job training, job descriptions, techniques, practices, pay scales, prevailing fringe benefits.

What psychic benefits does the job -- career offer?

APPENDIX B

RETAILING

Entry Employment	Mid-Management Employment	Manager/Owner Employment
Demonstrator	Buyer	Merchandise Manager
Salesperson	Employment Manager	Sales Director
Display Helper	Advertising Manager	Credit Director
Counterperson	Sales Manager	Advertising Director
Comparison Shopper	Credit Manager	Display Director
Customer Service	Display Manager	Personnel Director
Comparison Shopper	Training Manager	Manager/Owner
Customer Service Clerk	Sales Representative	Division Manager
Cashier	Credit Manager	Warehouse Manager
Marking Room Clerk	Display Designer	Branch Store Manager
Stockperson	Account Executive	Company Officer
Alterations Attendant	Department Manager/ Assistant Manager	Store Manager
Receiving Clerk	Advertising Production Manager	General Manager
Shopper	Display Designer	
Delivery Person	Department Supervisor	
	Floor Supervisor	
	Professional Salesperson	
	Section Manager	
	Manufacturer Representative	
	Assistant Store Manager	

Teachers Resource Guide for Competency-Based Instruction, Level 1, Distributive Education Service, Division of Vocational Education, Department of Education, Richmond, VA 23216.

APPENDIX C

SALES REPRESENTATIVE

PURPOSE: To demonstrate the student's ability to organize and present a sales presentation.

SPECIFICATIONS:

Participant will assume the role of a sales representative making a presentation to a committee of buyers. The student has one minute to inform the committee the role they play and to set the stage for a typical situation.

Merchandise will be an item or items to be used by the company or household represented by the buyers or to be sold at retail by the company represented by the buyers.

Participants will have 5-15 minutes to complete the sales presentation. Three minutes will be allowed for the buyers to question the participant.

RATING SHEET

	Excellent	*Very Good*	*Good*	*Fair*	*Poor*	*Inadequate*
1. OPENING: *Consider* -- Personal introduction; opening statement; confidence.	10	8	6	4	2	0
2. PRESENTATION: *Consider* -- Benefits shown; presentation clear; too rapid or too slow; vocabulary and grammar.	20	18	16	12	10	5
3. VISUAL AIDS: *Consider* -- Handling of product or facsimile by both buyer and salesman; logical order of presentation of other audio-visual aids.	15	12	9	6	3	0
4. ORGANIZATION OF PRESENTATION: *Consider* -- Neatness and organization of material; order of presentation.	15	12	9	6	3	1
5. CLOSE: *Consider* -- Summary and conclusion of presentation; opening for callback.	10	8	6	4	2	0
6. VOICE: *Consider* -- Pitch, tempo, volume; enthusiasm; enunciation and pronunciation.	5	4	3	2	1	0
7. APPEARANCE, POISE AND CONFIDENCE	10	8	6	4	2	1
8. REACTION UNDER PRESSURE: *Consider* -- Handling objections; answering questions, etc.	15	12	9	6	3	0

JUDGE'S TOTAL POINTS _____

SALES DEMONSTRATION

Rating Sheet

	Poor	*Fair*	*Good*	*Excellent*	*Judged Points*
APPROACH: (Possible Points 10) 1. Alertness (2 pts.) 2. Sincerity (2 pts.) 3. Approached the customer correctly for the selling situation (2 pts.) 4. Used an appropriate greeting (2 pts.) 5. Appearance (2 pts.)	0-1-2	3-4-5	6-7-8	9-10	----------
PRESENTATION: (Possible Points 25) 1. Was presentation clear? (5 pts.) 2. Were benefits shown? (5 pts.) 3. Was customer given an opportunity to talk and ask questions? (5 pts.) 4. Was sufficient merchandise information given? (5 pts.) 5. Was presentation too rapid or too slow? (5 pts.)	0-7	8-14	15-22	23-25	----------
HANDLING OBJECTIONS: (Possible Points 15) 1. Was each objection answered? (5 pts.) 2. Was tact used in handling objections? (5 pts.) 3. Was customer given an opportunity to voice objections? (5 pts.)	2-3-4	6-7-8	10-11-12	13-14-15	----------
VOICE: (Possible Points 15) 1. Was volume too loud or too soft? (5 pts.) 2. Was voice clear? (5 pts.) 3. Was tone varied or monotonous? (5 pts.)	2-3-4	6-7-8	10-11-12	13-14-15	----------
CLOSE: (Possible Points 20) 1. Was close smooth and natural? (10 pts.) 2. Did participant take advantage of opportunities to close? (10 pts.)	1-3-5	6-8-10	11-13-15	16-18-20	----------
SUGGESTION SELLING: (Possible Points 15) 1. Was this a smooth and natural part of the sale? (5 pts.) 2. Did participant select a proper related item to suggest? (5 pts.) 3. Was the timing proper for the suggestions of a related item? (5 pts.)	2-3-4	6-7-8	10-11-12	13-14-15	----------
TOTAL POSSIBLE POINTS 100			TOTAL JUDGED POINTS		----------

MERCHANDISE MANUAL

A manual must be on a specific item of merchandise and not one brand or one material. A manual on men's shirts would not be confined to just Jones shirt or just nylon shirts. It should be typed or in ink and may include both artwork and pictures as illustrations. This original and creative work should not contain more than 60 pages. The manual should include a title page, table of contents and preface.

Rating Sheet

	Poor	*Fair*	*Good*	*Excellent*	*Judged Points*
PURPOSE: Is the purpose expressed clearly in Preface and does the manual achieve this purpose? (Possible Points 10)	0-1-2	3-4-5	6-7-8	9-10	----------
ORGANIZATION: Logical arrangement of information Preface, Table of Contents, Bibliography and Glossary Included? Continuity of Thought (Possible Points 10)	0-1-2	3-4-5	6-7-8	9-10	----------
APPEARANCE & ORIGINALITY: Original (unique and avoids plagiarism) Neatness Layout Selling Power (Possible Points 10)	0-1-2	3-4-5	6-7-8	9-10	----------
USE OF WORDS: Grammar — correct word usage, sentence structure Spelling (Possible Points 10)	0-1-2	3-4-5	6-7-8	9-10	----------
DEPTH OF SUBJECT COVERAGE & DOCUMENTATION: The manual should be well documented and provide in-depth coverage in a clear, consise, complete and usable manner. Illustrations should be appropriate and contribute to the understanding of the subject.					
Background information such as: importance and development, manufacturing process, technical terms and descriptive adjectives. (Possible Points 30)	0-9-13	14-16-19	20-22-25	26-28-30	----------
Merchandise information such as: materials, construction, care, uses, finishes, brands, selling points, customer questions and complaints, special abilities, skills and techniques. (Possible Points 30)	0-9-13	14-16-19	20-22-25	26-28-30	----------

TOTAL JUDGED POINTS ----------

87

Time to put the cuffs on

☐ Shrinkage will cost general merchandise and department store chain retailers more in dollars and cents this year than the total net profits accrued on the bottom line.

U.S. Department of Commerce sources, Burns Security Institute, the National Retail Merchants Association and *Chain Store Age*'s own surveys combined indicate that total retail shrinkage could exceed $6.2 billion. Of this horrendous total, almost 45% of the shrinkage will show up in general merchandise and department store chains. In all likelihood, general merchandise industry shrinkage will add up to a whopping $2.8 billion in 1978.

Contrary to common opinion, the bigger problem is not with outside shoplifters. Although some $8 million worth of goods and cash is stolen from retail chains each day, throughout the country, two-thirds of that amount may result from employee fleecing.

As one security officer for a Chicago area mass merchant puts it, "We have a full-blown war on our hands, but the real enemy is in our own camp."

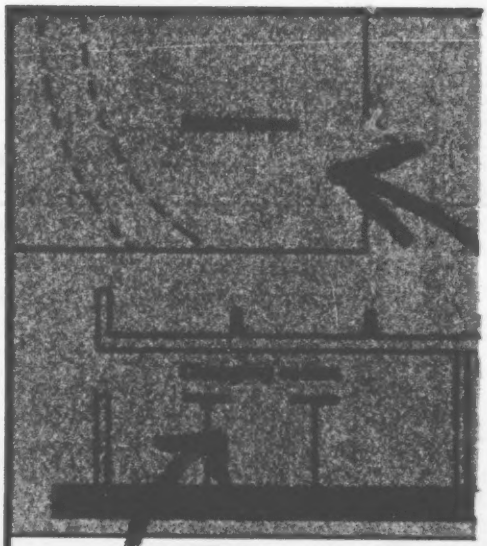
Chain executives agree: Nearly three out of five general merchandise chain ceo's say internal employee theft is more of a problem than shoplifting. The problem is less acute in small variety-or convenience-type stores than larger discount or department stores. In larger units (60,000 sq. ft. and up) better than 76% of these same executives acknowledge the "employee" problem is greater.

These alarming statistics are further underscored by a recent U.S. Department of Commerce report which points out employees are responsible for as much as 65% of all retail shortages. The Government figures include "honest-but-careless" mistakes in inventory counting, sales slip tabulation, false cash register ring-ups and "outright stealing."

In his book *Security Control: Internal Theft* (published by Lebhar-Friedman Books), author Bob Curtis suggests that as many as seven out of 10 retail employees *may* steal. Other sources put the employee stealing figure more conservatively as one out of every three.

Despite these convincing statistics on the growing threat of employee theft, a mere 3% of all store employees ends up being apprehended and dismissed for dishonesty. In one recent year, Montgomery Ward alone reportedly fired nearly 4,000 employees for theft or other dishonesty. ☐

Jan.	5.9	Monday	3.7
Feb.	6.9	Tuesday	17.7
March	7.6	Wednesday	13.9
April	8.6	Thursday	14.9
May	9.7	Friday	15.8
June	9.1	Saturday	17.2
July	5.6	Sunday	16.7
Aug.	9.2		
Sept.	9.5	Before noon	9.0
Oct.	6.9	Noon-3 p.m.	35.3
Nov.	8.1	3 p.m.-6 p.m.	36.9
Dec.	12.9	6 p.m.-9 p.m.	17.6



Shoplifting gets way out of hand

☐ To get a handle on shrinkage in one major market, *Chain Store Age* editors polled a cross section of store managers in the Chicago area.

Although most managers surveyed admit to shrinkage rates of less than 2% in their own stores, some units are experiencing losses as high as 6% of sales. The National Retail Merchants Association (NRMA), whose membership is mainly department stores, reports national shrinkage averages of 3.5%.

Most managers agree that anything over 2%, given the profit structure of a low-margin mass merchandise store, means the store is in serious trouble. One manager, who claims shrinkage is only 0.5% of his sales, says he'd "really be worried if it approached 1%."

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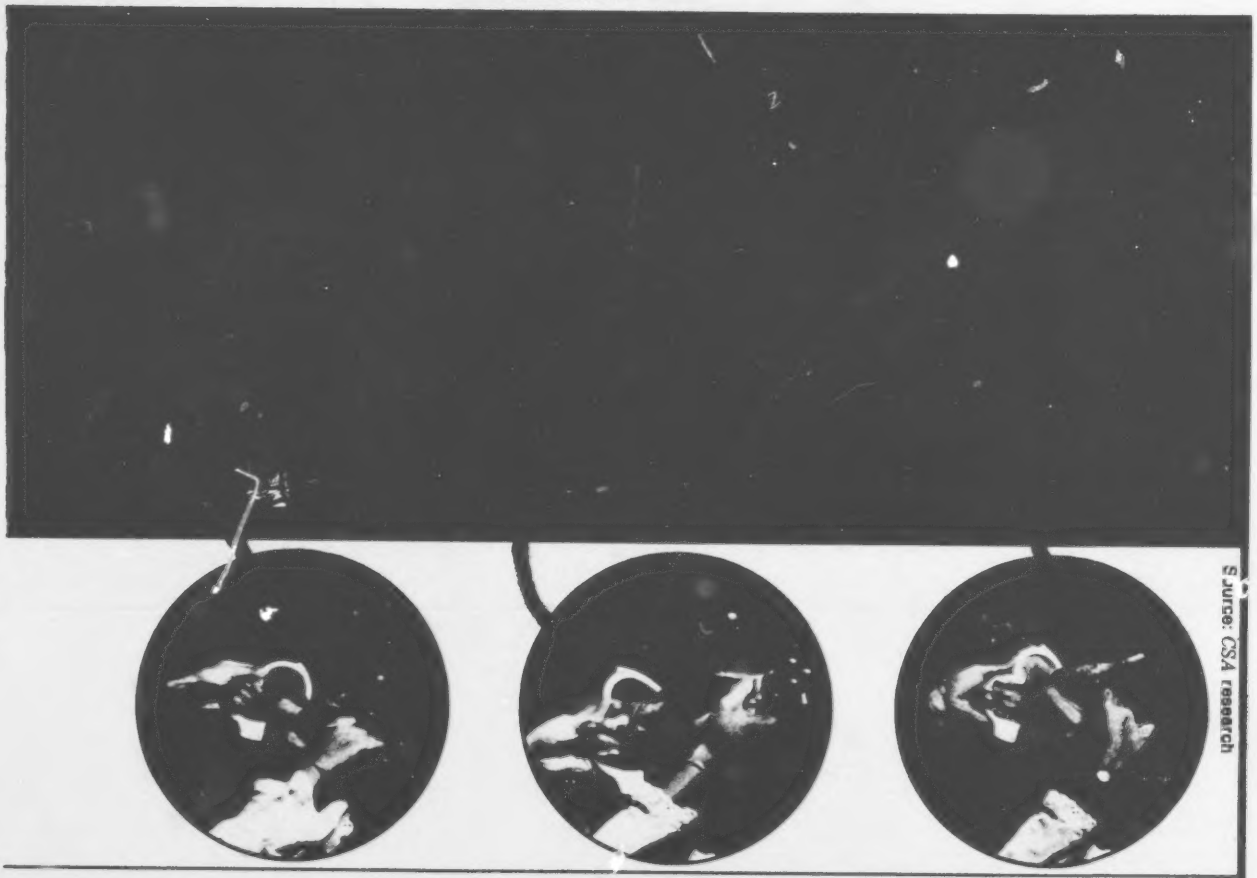

Source: CSA research

For a store with $6 million in annual sales, any shrinkage figure approaching 6% indicates staggering losses of $350,000. One store that size, located in the northwest Chicago suburbs, discovered that payroll savings of over $90,000 in supervisory help and $48,000 in hourly wage personnel were virtually offset by increased shrinkage.

Big store blues: Small staffs operating in large stores make it difficult to control theft both by customers and dishonest employees. One manager of a 97,000-sq.-ft. unit notes that low-traffic corners in his store are favorite locations for merchandise exchanges. "Every year we find a hundred or so pairs of shoes that have been exchanged for new ones," he claims.

General merchandise store managers mostly agree that store location, product mix and quality of store supervisory management are the main reasons for variations among store shrinkage rates. Not surprisingly, the highest loss rates are found in city stores. Suburban units generally report half the amount of shrinkage loss shown by their city counterparts.

Soft on shoplifters: Most chains, surprisingly, still make little effort to prosecute shoplifters or dishonest workers. For one thing, the rule of thumb is that it's not worth prosecuting a person who steals less than $65 worth in merchandise—"the courts dismiss the charges anyway," claims one storeman.

For another, prosecution takes time and most stores lack sufficient security personnel to devote much time in court appearances. Most chains seem to be satisfied with recovery of the merchandise and, in the case of employee theft, dismissal of the worker.

On handling children: A recent survey conducted by Commercial Systems Services Inc. of California indicates 44% of all shoplifters are minors, e.g., children 17 years of age and younger. When children are apprehended, some chains automatically hand the youths over to police who then call the children's parents.

Nearly all managers interviewed agree that in numbers children make up the largest group of shoplifters. They certainly are the most visible because they are more likely to get caught.

"Teens give us the most trouble," notes one manager. "They dare each other to make a 'rip-off.' They take any means they can to escape."

But this same manager is quick to add teens are by no means the only age group into shoplifting. "Young marrieds who live beyond their means are likely to write bad checks. Some elderly people from nursing homes have gotten into the habit of changing price tickets. Professional shoplifters are always coming up with tricks you haven't seen before." □

APPENDIX G

CREATIVE MARKETING PROJECT

Purpose: To develop in students an analytical and creative approach to the marketing process, to actively engage students in the marketing activity of their community, and to provide an opportunity for experienced executives to guide and assist in developing the marketing, merchandising, and management leaders of tomorrow.

While the Creative Marketing Project is sponsored by the Distributive Education Clubs of America in cooperation with Sales & Marketing Executives International, its guidelines are useful in encouraging students to recognize marketing as a force for the economic and social good of the community. (Complete details are available from the Distributive Education Clubs of America).

Documentation: Typed manual, original and creative, with a maximum of 100 pages. Sections as follows: title page; table of contents; foreword; objectives or purposes of project as they directly relate to marketing; procedures used and major findings and conclusions; recommendations and/or implementations concerning the project results; appendicies - - tables, data, computations, surveys, etc.

Rating Sheet

	Poor	*Fair*	*Good*	*Excellent*	*Judged Points*
ORIGINALITY & PURPOSE: Project shows evidence of originality (Possible Points 10)	0-1-2	3-4-5	6-7-8	9-10	----------
Objectives clearly stated and followed through (Possible Points 10)	0-1-2	3-4-5	6-7-8	9-10	----------
APPEARANCE & USE OF WORDS: Neatness, attractive layout, selling power (Possible Points 5)	0-1	2-3	4	5	----------
Use of Grammar—Correct word usage, sentence structure, spelling (Possible Points 5)	0-1	2-3	4	5	----------
DEPTH OF STUDY & TECHNIQUES: Were sound research methods used and explained? (Possible Points 10)	0-1-2	3-4-5	6-7-8	9-10	----------
Does the project show evidence of initiative and creativity in seeking sufficient material, data, and/or evidence in conducting a project and working toward some conclusion? (Possible Points 10)	0-1-2	3-4-5	6-7-8	9-10	----------
DOCUMENTATION & ORGANIZATION: Are material and data well organized and in logical order? Does the material, data, and illustrations contribute to the understanding of the project? (Possible Points 10)	0-1-2	3-4-5	6-7-8	9-10	----------
The data substantiates the results and conclusions. (Possible Points 10)	0-1-2	3-4-5	6-7-8	9-10	----------
Sufficient data and statistics related to objectives of study. (Possible Points 10)	0-1-2	3-4-5	6-7-8	9-10	----------
ECONOMIC CONTRIBUTION: Were feasible recommendations made? (Possible Points 10)	0-1-2	3-4-5	6-7-8	9-10	----------
Were realistic benefits to marketing area and industry involved? (Possible Points 10)	0-1-2	3-4-5	6-7-8	9-10	----------
				TOTAL JUDGED POINTS	----------

APPENDIX H

FORM B-154(I)
(11-1-77)

UNITED STATES DEPARTMENT OF COMMERCE
BUREAU OF THE CENSUS
Washington, D.C. 20233

ILLUSTRATIONS AND EXAMPLES OF INVENTORY VALUATION METHODS

ANNUAL RETAIL TRADE REPORT

Please read the following before completing item 4B of the 1977 Annual Retail Trade Report.

To illustrate the several alternative methods in common use for determining which purchase prices apply to the units remaining in inventory at the end of the period, assume the data shown below:

	Number of units	Cost per unit	Total cost	Retail value
Beginning inventory	10	$100	$1000	$1600
First purchase (March 1)	5	102	510	830
Second purchase (July 1)	5	104	520	840
Third purchase (October 1)	5	106	530	860
Fourth purchase (December 1)	5	108	540	870
Total available for sale	30		3100	5000
Total units sold	18			3000
Total units in ending inventory	12			
Markups during period				600
Markdowns during period				650
Market (replacement) cost December 31		109		

▶a. COST METHOD

(1) **FIRST-IN, FIRST-OUT METHOD** – The First-In, First-Out method, which is often referred to as FIFO, is based on the assumption that the first merchandise acquired is the first merchandise sold. In other words, each sale is made out of the oldest goods in stock; the ending inventory therefore consists of the most recently acquired goods. Using the data shown above, the 12 units in the ending inventory would be regarded as consisting of the most recently acquired goods, as follows:

Five units from the December 1 purchase @ $108 . . . . . $540
Five units from the October 1 purchase @ $106 530
Two units from the July 1 purchase @ $104 208

Total ending inventory, 12 units (at FIFO cost) 1278

▶a. COST METHOD – Continued

(2) LAST-IN, FIRST-OUT METHOD – LIFO, as it is commonly known, is based on the assumption that the last merchandise acquired is the first merchandise sold, therefore the ending inventory consists of the oldest acquired goods.

Using the same data as in the preceding illustration, the 12 units in the ending inventory would be priced as if they were from the oldest goods available for sale during the period, as follows:

Ten units from the beginning inventory @ $100	$1000
Two units from the purchase of March 1 @ $102	204
Total ending inventory, 12 units (at LIFO cost)	1204

(3) AVERAGE COST METHOD – Average cost is computed by dividing the total cost of goods available for sale by the number of units available for sale. This computation gives a weighted average unit cost, which is then applied to the units in the ending inventory.

Cost of goods available for sale	$3100
Number of units available for sale	30
Average unit cost	103
Total ending inventory (at average cost, 12 units @ $103)	1236

(4) SPECIFIC OR ACTUAL COST METHOD – If the units in the ending inventory can be identified as coming from specific purchases, they may be priced at the amounts listed on the purchase invoices. Continuing the example already presented, if the ending inventory of 12 units can be identified as, say, five units from the purchase of March 1, four units from the purchase of July 1, and three units from the purchase of December 1, the cost of the ending inventory may be computed as follows:

Five units from the purchase of March 1 @ $102	$510
Four units from the purchase of July 1 @ $104	416
Three units from the purchase of December 1 @ $108	324
Total ending inventory (specific identification)	1250

▶b. MARKET METHOD

(1) LOWER OF COST OR MARKET – When the lower of cost or market method is used, that portion of your merchandise inventory which is valued at cost should be calculated using the appropriate cost method discussed, and reported in the appropriate cost method, item 4Ba(1)–(5). That portion of your inventory, which is valued at market because market is lower than cost, should be reported in item 4Bb(1).

(2) MARKET BASIS ALWAYS USED – The market method applies the current price prevailing at the date of the inventory valuation to the number of units remaining in the inventory. Market cost is also known as replacement cost. That portion of your inventory always valued at market should be reported in item 4Bb(2). Using the 12 units in the ending inventory and a market or replacement cost of $109, inventory valuation would be as follows:

Total ending inventory (at market, 12 units @ $109) $1308

▶c. **RETAIL METHODS*** – Retailers unable to take inventory at cost often use one of the Retail Methods which values the ending inventory at retail and then applies a cost ratio to this retail value in order to arrive at an estimated cost of inventories. There are three types of Retail Methods which differ in the manner in which the cost ratio is determined. They are:

(1) **RETAIL METHOD APPROXIMATING COST** which includes both markups and markdowns in the computation of the cost ratio.

	At cost	At retail	Cost ratio
Beginning inventory	$1000	$1600	
Purchases during period	2100	3400	
Additional markups during period		600	
Deduct: Markdowns during period		(650)	
Goods available for sale	3100	4950	63%[1]
Deduct: Sales for the period		(3000)	
Ending inventory	1228[2]	1950	

[1]Cost ratio $3100 ÷ $4950 [2]At cost $1950 x 63%

(2) **RETAIL METHOD APPROXIMATING LOWER OF COST OR MARKET** which includes markups but excludes markdowns in the computation of the cost ratio.

	At cost	At retail	Cost ratio
Beginning inventory	$1000	$1600	
Purchases during period	2100	3400	
Additional markups during period		600	
Goods available for sale	3100	5600	55%[1]
Deduct: Sales for the period		(3000)	
Deduct: Markdowns during period		(650)	
Ending inventory	1072[2]	1950	

[1]Cost ratio $3100 ÷ $5600 [2]At cost $1950 x 55%

*Note: All calculations rounded to nearest whole number.

c. RETAIL METHODS* – Continued

(3) **LIFO RETAIL METHOD** which disregards beginning inventory because under LIFO it is carried forward at the original valuation and the cost ratio is used to estimate the new layer which should be valued at current cost. The final inventory at retail is restated by means of a retail price index applicable to the goods involved in the inventory. (A hypothetical price index of 1.08 is used for the following illustration.)

	Price	At cost	At retail	Cost ratio
Beginning inventory		$1000	$1600	
Purchases during period		2100	3400	
Additional markups during period			600	
Deduct: Markdowns during period			(650)	
Total (excluding beginning inventory)		2100	3350	63%[1]
Total (including beginning inventory)		3100	4950	
Deduct: Sales during period			(3000)	
Ending inventory at retail			1950	
Restatement on Cost Basis Ending inventory at base period prices	$1806[2]			
Base layer (beginning inventory above)	1600	1000		
Current period layer (ending inventory at base period prices less base layer) At base prices	206			
At current prices ($206 x 1.08)	222			
At current cost ($222 x 63%)		140		
Ending inventory at cost		1140		

[1]Cost ratio $2100 ÷ $3350 [2]$1950 ÷ 1.08 (hypothetical price index)

*Note: All calculations rounded to nearest whole number.

RESOURCES

TEXTBOOKS

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Warmke, Roman F.; Palmer, G. Dean; and Nolan, C. A. Marketing in action. South-Western Publishing Company. 1976.

Wingate, Isabel B.; Gillespie, Karen R.; and Milgrom, Betty G. Know your merchandise. 4th ed. Gregg Division, McGraw-Hill Book Company. 1975.

PERIODICALS

Chain Store Age
Lebhar-Friedman Inc.
425 Park Avenue
New York, New York 10022

Discount Merchandiser
MacFadden-Bartell Corp.
205 E. 42nd Street
New York, New York 10017

Discount Store News
Lebhar-Friedman Inc
425 Park Avenue
New York, New York 10022

Mass Retailing Merchandiser
Merchandiser Publishing Co., Inc.
222 West Adams Street
Chicago, Illinois 60606

Merchandising Week
Billboard Publications
1 Astor Plaza
New York, New York 10036

Retail Directions
48 E. 43rd Street
New York, New York 10017

Sales Management
Sales Management, Inc.
633 Third Avenue
New York, New York 10017

Stores
National Retail Merchants Association
100 West 31st Street
New York, New York 10001

OTHER INSTRUCTIONAL RESOURCES

Dow Jones & Company, Inc.
The Educational Service Bureau
P.O. Box 300, Princeton, NJ 08540

Dun and Bradstreet Publication List
Dun & Bradstreet, Inc.
Communications Department
99 Church Street
New York, NY 10007

LEARN AND EARN
Marketing Management Educational Project
Pepsi Co., Inc.
Purchase, NY 10577

SBA Publications
US Small Business Administration
P. O. Box 15434
Fort Worth, Texas 76119

Directory of Publishers

Canfield Press
850 Montgomery Street
San Francisco, CA 94133

Houghton Mifflin
Pennington-Hopewell Road
Hopewell, NJ 08525

MacMillan Publishing Company
866 3rd Avenue
New York, NY 10001

Prentice-Hall, Inc.
Englewood Cliffs, NJ 07632

Fearon Pitman Publishing Company
6 Davis Drive
Belmont, CA 94002

Irwin Publishing Company
1818 Ridge Road
Homewood, IL 60430

McGraw-Hill Book Company
Gregg Division
Hightstown-Princeton Road
Hightstown, NJ 08520

South-Western Publishing Company
512 North Avenue
New Rochelle, NY 10802